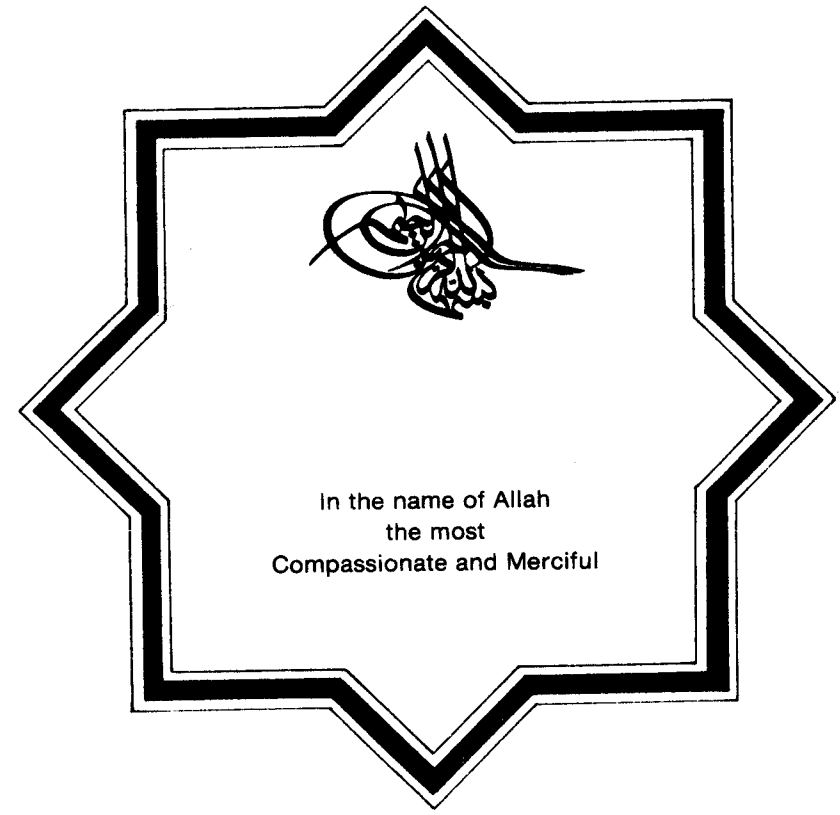

In the name of Allah
the most
Compassionate and Merciful

The Center for the Publication of the U.S. Espionage Den's Documents
P.O. BOX: 15815 - 3489
Tehran' Islamic Republic of Iran
Tel: 824005

In the name of Allah
the Compassionate, the Merciful

Introduction

«American imperialism does not exploit its oil reserves and imports petroleum in order to save its own oil for its purposes. The Shah by selling this black gold actually drains the Iranian oil reserves, while he does not spend the petro-dollars for the welfare of needy Iranian people. He either loans money to his imperialist masters or buys destructive weapons in order to protect the imperialists' interests in Iran and the region».

Imam Khomeini
March 12, 1975

During the growth of the Islamic movement against the Shah's despotic regime, Imam Khomeini, the great leader of the movement, issued orders for a nationwide strike against the regime. He thus inflicted a blow that paved the way for total collapse.

Imam Khomeini's call for strikes and the general popular obedience to his orders represented a total rejection of the regime by the followers of the Islamic Revolution. The movement initiated, shut-downs weakened the regime and the Bahman 22 (Feb. 11, 1979) revolution ended it: burying the dictator monarch in its own tyrannical history.

In order to comprehend the effects of the strikes on the regime, the economic structure of the monarchy should first be understood, then the effects of the strike would become evident.

The Shah's economic system was an oil dependent economy. Its entire dynamic was thus naturally driven by oil revenues. The history of oil revenues being a part of Iran's national budget goes back to William D'Arcy's original oil contract of the early 1900's. Since the time of the U.S. orchestrated coup of 1953, which was followed by concluding new contracts with the consortium of American, British, Dutch and French oil firms, coinciding with the implementation of planned development projects in Iran, the position of oil revenues vis.a.vis the national budget was being strengthened year by year. Thus the nature of the Iranian economy was being transformed into a single product economy i.e. depending on a single source of income which was oil.

Along with the importance of oil for the progress of the West's economy and its role in economic planning for the western countries, the growth and evolution of oil exploration inside Iran gained momentum to satisfy certain domestic conditions. It was deemed a necessity to increase the public's purchasing power in order to stabilize the regime. Additionally there was a market failure in initiating non-oil dependent economic plans utilizing the national labor force and other natural resources, by the

Shah's regime. Finally steady oil income was a necessity in order to implement American inspired development projects such as the Shah's five year development plans.

A glance at the chart shows the sharp increases in the volume of oil revenues between 1955 & 1977

Percentage of Oil Revenue from the Budget	Government's Income from oil Companies	Total Budget	GNP	Year
13	20,7	162	2,100	1954
64	262,4	413	3,665	1959
65	380	589	4,474	1963
73	751,6	1,034	6,392	1967
44	1,881,3	4,230	12,819	1971
79	18,800	34,155	45,504	1975
77	17,531	37,674	51,680	1976

Figures are in million dollars.

The chart indicates that the Shah's regime believed that the only way to increase the national budget was to depend on oil revenues. This dependency steadily increased. The subsequent growth in Iran's national budget was a consequence of an increased export of oil. If left unabated the result would have been a serious decline in oil reserves. Although portions of the oil revenue brought prosperity to a small percentage of the Iranian society and increased the purchasing power of lower income groups, the bulk of the petro-dollars were spent on purchasing military equipment, and enriched only those who were collaborating closely with the regime and the internal Businessmen. These petro-dollars also tended to safeguard the interests of the multi-national corporations in Iran.

The introduction of oil revenues as Iran's economic base had within two decades, brought about major economic changes, the central one being Iran's conversion into a single product economy. Despite this vast and growing oil income, the regime still suffered from budget deficit.

Obviously a regime so unbalanced with respect to its economic base, left itself open to abuses which led into unpopularity. The flow of oil was the jugular vein of the regime's economy and the Shah's attachment to peagentary as government fueled by this wealth, soon became vulger exaggeration. Thus when the Islamic movement threatened the export of oil, the regime was placed in mortal danger.

«The Shah and his government have started armed struggle against the Iranian people, the constitution and above all against the liberating Islamic tenets. They are traitors and

following them is to follow unbelief. Do not give them any chance. With strikes and protests inform the whole world about their brutal activities.»

part of Imam Khomeini's
Sep. 4 1978 message ordering
the continuation of the
Islamic movement

After the tragic carnage of Sept. 17, 1978 (known as Black Friday) the brutal nature of the regime became more apparent, while the strikes were becoming institutionalized. On September 10, 1978, the workers of Tehran's oil refinery initiated the first shutdown of Iran's oil industry. Afterwards, the work stoppages spreaded in all other parts of Iran's oil industries and continued to the extent that oil exports were completly halted.

The nationwide strike actions were major factors which speeded up the downfall of the regime, while causing great anxiety among the pro- U.S. supporters of the Shah's regime.

Besides the effects of the strikes in destabilizing the Shah's regime, the international repreccussions of cutting Iran's oil exports touched off a grave crisis for U.S. officials. In the wake of Washington's apprehensions, the State Department asked its embassy in Tehran to prepare intelligence reports with regard to the oil industry strikes so that American officials could be better kept abreast of new developments.

The documents presented in this volume from the series of books published by the Center for the Publication of the U.S. Espionage Den's Documents represent a collection of these reports compiled from different files.

Besides its historical value, the collection of documents provides the reader much formerly classified information. The documents clearly reveal the deep anxiety of the Americans at that time over the strikes. Their anxiety was due largely to the serious threat that was menacing their economic and political interests, as well as the great emphasis they laid on oil exportation.

Since the documents are basically news reports they do not illustrate the emphasis the Americans had laid on oil exportation. Thus it was decided not to do so in this introduction. But with a glance at the documents, the following points can be seen as major elements of the American anxiety:

- The Shah's regime was the major supplier of petroleum to Israel;
- Western imperialism had designated Iran the most important protector of U.S. interests in the Persian Gulf region i.e. the gendarme of the Persian Gulf;
- Iran was a most important market for American arms and goods.
- Iran was considered the strongest bulwark for preventing the Russians having access to the warm waters of the Persian Gulf. This was also the main basis on the

Central Treaty Organization (CENTO).

In addition to the above mentioned factors, the effects of strikes in the West itself had created grounds for American, uneasiness. Under these circumstances the U.S. Espionage Center in Tehran became like a newsroom in relation to gathering strike intelligence. In some days scores of pages were despatched to the U.S. State Department.

Studying the documents reveals that the U.S. embassy agents were not reporting or collecting hard news, rather they were conveying the opinions gathered in contact with those Iranian officials who were in charge of the oil industry or who played a major role in suppressing the strikes. The logical conclusion of this reportage is that the U.S. government held the same opinion as the Shah's regime for breaking the strikes. In this relation two important point were outstanding:

1. The embassy staffers repeatedly expressed their dissatisfaction with the Iranian government's attitude towards solving the strike crisis. According to them the government's weak policy would not solve the work stoppages. In the first stage of the strike, their anxiety was over the government's decision to meet the overwhelming majority of the strike's demands. The embassy employees held that such decision making had weakened the government's position.

During the ensuing stages of the strike they believed that the government should coordinate decisive tactics for serious suppression of the strikes. They subsequently complained about the government's policy of vacilation towards the strikes.

2. The strikes were setting lempo for the Islamic revolution's advance. The growing awareness of the strikes and the Muslim Iranian people about the power of the strikes, as well as the reflection of news of the strikes in the Iranian press bothered the U.S. embassy.

U.S. Ambassador William Sullivan on one occasion vaised this issue with Hushang Ansari (the cheif of Iran's national oil company). He said, «The oil company should give proper and correct news of strikes to the press. In this way the flow of false information about the strikers could be prevented.» He received a promise from Ansari on this question.

Anyhow, despite all the U.S. and allied imperialist efforts, the mighty power of the strikes continued. When the brutal suppression of the regime, i.e. imprisonment, turture and murder were thought to be slowing down the process of the strikers, Imam Khomeini and the people neutralized the threats of the regime, and the strikes gathered greater momentum.

It was in the first half of the Iranian month of Azar 1357 (Nov. 22- Dec. 22, 1978) two month after the beginning of the strikes, that the Americans realized everything and through their agents discovered the real roots of the strikes: «All our agents

report that the strike activities in the oil industry are exclusively undertaken by Khomeini's invitation and no single piece of economic logic exists for it.»

Still, the U.S. and its taghooti agents' plots against the oil workers' strikes were not successful. The strikes, one of the most powerful arms of the Islamic Revolution continues pressuring on the shah's regime till the strikers, along with the people; succeeded in overthrowing the regime.

Finally through the efforts of the brave sons of Islam, on February, 11, 1979 the shah's regime was finished and the Islamic Republic was established. With out a doubt the blood of those oil workers martyred in the course of the strikes is a proud heritage for the Muslim Iranian people and especially for their co-workers in the oil industry and a challenge to continue the martyrs' way.

Muslim Students Following the Line of the Imam
spring of 1988

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TO AMEMBASSY TEHRAN IMMEDIATE 6883
BT
C O N F I D E N T I A L STATE 246376

E.O. 11652: GDS

TAGS: EMRG, ECON, PINS

SUBJECT: DISTURBANCES IN THE OIL SECTOR

1. SUMMARY: DEPARTMENT HAS RECEIVED REPORTS FROM VARIOUS U.S. (AND JAPANESE) COMPANIES DURING PAST THREE DAYS CONCERNING: A) IGAT PIPELINE EXPLOSION ON SEPTEMBER 21; B) REPORTED GENERAL STRIKE OF DAILY RATE EMPLOYEES AT MAJOR OIL PRODUCTION AND LOADING FACILITIES; AND C) IMMINENT DISPLACEMENT OF NIOC DIRECTOR HUSHANG ANSARY. EMBASSY REACTION/ COMMENTS ON THESE REPORTS WOULD BE APPRECIATED. END SUMMARY.

2. IGAT PIPELINE EXPLOSION. ACCORDING TO JAPANESE AND U.S. COMPANY OFFICIALS, REPORTED EXPLOSION OCCURRED ON THURSDAY, SEPTEMBER 21, AT POINT IN PIPELINE ROUTE APPROXIMATELY 17 MILES SOUTH OF QUM. BLAST REPORTEDLY DESTROYED 500 FOOT-SECTION OF LARGE DIAMETER PIPELINE. NO CASUALTIES MENTIONED. PRESS ITEM QUOTED UNNAMED NIGC SPOKESMAN AS BLAMING TERRORISTS FOR THE INCIDENT.

3. DAILY RATE WORKER STRIKE. ACCORDING TO EXECUTIVE OF U.S. FIRM WHICH BELONGS TO CONSORTIUM, GENERAL WALK-OUT OF U.S. FIRM WHICH BELONGS TO CONSORTIUM, GENERAL WALK-OUT OF DAILY RATE EMPLOYEES (DRE'S), MOSTLY IRANIAN, TOOK PLACE ON MONDAY, SEPTEMBER 25, AND INVOLVED ALL MAJOR KHUZESTAN

PRODUCTION FACILITIES AS WELL AS KHARG ISLAND LOADING TERMINAL. STRIKE BEGAN WITH ABOUT 50 TO 60 PERCENT OF DRE'S PARTICIPATING AND REACHED 100 PERCENT LEVEL BY FOLLOWING DAY, ACCORDING TO COMPANY'S TEHRAN REP. REPRESENTATIVES OF MINISTRY OF LABOR, SYNDICATES, DRE'S, OSCO AND NIOC CONVENED SPECIAL MEETING SEPTEMBER 26 TO DISCUSS SITUATION. DRE SPOKESMEN PRESENTED COMPANY WITH LIST OF 48 UNOFFICIAL DEMANDS, TOPPED BY REQUEST FOR 50 PERCENT WAGE INCREASE. AS FAR AS WE KNOW, ALLEGED GRIEVANCES CONSIST ONLY OF ECONOMIC DEMANDS; THERE ARE APPARENTLY NO POLITI-

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CAL ISSUES.

4. THUS FAR, EFFECT ON OPERATIONS HAS BEEN MINIMAL. PRODUCTION IS OFF ABOUT 190,000 B/D CAUSED BY SHUT-DOWN OF TWO SMALLER FIELDS. ACCORDING TO COMPANY SOURCE, PROBLEM COULD DEVELOP AT KHARG TERMINAL WHERE DRES' SERVICES ARE NECESSARY FOR BERTHING OF TANKERS. OSCO IS ATTEMPTING TO LINE UP CONTRACT TUGS TO ALLEVIATE PROBLEM. IRANIAN NAVY HAS REPORTEDLY PUT PERSONNEL AT DISPOSAL OF OSCO AND NIOC TO HELP OPERATE KHARG. COMPANY SOURCE OPINED THAT IF STRIKE EXTENDS BEYOND 3 DAYS OR SO, PROBLEMS WILL BECOME MUCH MORE ACUTE.

5. HUSHANG ANSARY. U.S. BANKER WHO PARTICIPATED IN DISCUSSION WITH GOI DELEGATION TO WORLD BANK MEETINGS CAME AWAY WITH DEFINITE MESSAGE THAT ANSARY'S DISMISSAL WAS IMMINENT. ACCORDING TO THIS OFFICIAL, ANSARY HAS BEEN TARRED WITH THE BRUSHES OF CORRUPTION AND BAHAI CONNECTIONS (WORK IS THAT ANSARY'S FATHER WAS BAHAI). OIL COMPANY OFFICIAL CITED IN PARAS THREE AND FOUR MENTIONED HE HAD HEARD SAME RUMORS ABOUT ANSARY. LATTER SOURCE FELT THIS WAS REASON FOR "DRIFT" AT NIOC AND POSSIBLY EXPLAINED WHY MATTERS HAD GOTTEN OUT OF HAND ON THE STRIKE.

6. WE PASS THESE REPORTS ON FOR YOUR POSSIBLE COMMENT AND CLARIFICATION. AS YOU CAN IMAGINE, BOARDROOM IMPRESSIONS ABOUT IRAN ARE BEING SHAPED BY THIS KIND OF INFORMATION AND ANYTHING YOU CAN GIVE US TO SET RECORD STRAIGHT WILL BE APPRECIATED. CHRISTOPHER

#6376

CONFIDENTIAL

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DEPARTMENT OF STATE

1978 SEP 28 PM 12:40

TELEGRAM

INDICATE COLLECT CHARGE TO

09428

FROM	CLASSIFICATION
AMEMBASSY TEHRAN	CONFIDENTIAL

E.O. 11652:
TAGS:
SUBJECT:

ACTION: SEC STATE IMMEDIATE

CONFIDENTIAL TEHRAN 09428

ACTION: E.O. 11652:GDS

TAGS: ENRG, ECON, PINS, IR

SUBJECT: RECENT DEVELOPMENTS IN THE OIL SECTOR

ECON-5 REF: STATE 246376

AMB
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ICA
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1. ON SEPTEMBER 23, THE LOCAL PRESS CARRIED SOMEWHAT CONTRADICTORY REPORTS OF AN EXPLOSION ON SEPT. 21 WHICH DESTROYED A SECTION OF THE 42-INCH PIPELINE (IGAT I) WHICH CARRIES ABOUT ONE BILLION SCF/DAY OF NATURAL GAS FOR EXPORT TO THE USSR. THE RUPTURE OCCURRED NEAR SAVEH, TO THE NORTH OF QUM.

2. THE EXPLOSION INVOLVED A SEVEN RPT SEVEN METER SECTION OF PIPE ALTHOUGH, DURING THE REPAIRS WHICH WERE COMPLETED IN JUST OVER 48 HOURS, 70 METERS OF PIPE WERE REPLACED. OUR SOURCES AT NIGC MAINTAIN THAT EXPLOSION RESULTED FROM CORROSION AND PIPE STRESS. HOWEVER, IN VIEW OF THE VERY UNUSUAL AMOUNT OF DIFFICULTY WE HAD IN OBTAINING INFORMATION ON EXPLOSION AS WELL AS THE INTENSE LEVEL OF ACTIVITY AT NIGC DURING THE PAST WEEK (INCLUDING, WE UNDERSTAND, A HURRIEDLY SCHEDULED MEETING BETWEEN

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E/C:RBash:	9/28/78	1129	DCM:CWNaas

CLEARANCES:
ECON:JLMills
POL:GLambraki

CONFIDENTIAL
CLASSIFICATION

OPTIONAL FORM 152(H)
(Formerly FS-413(H))
January 1975
Dept. of State

3

THE PRIME MINISTER AND TOP NIGC OFFICIALS), WE DO NOT RULE OUT THE POSSIBILITY THAT TERRORISTS MIGHT RPT MIGHT HAVE BEEN RESPONSIBLE.

3. RECENT RUMORS ABOUT IMMINENT DEPARTURE OF HUSHANG ANSARY (COMMENTED ON IN TEHRAN 8721 AND 8971) HAVE LARGELY SUBSIDED. WE HAVE HEARD THAT ANSARY IS ONE OF THOSE IDENTIFIED BY OPPOSITIONIST GROUPS AS ONE OF MANY IN GOVERNMENT WHO WILL HAVE TO GO.--WHETHER FOR BAHAI CONNECTIONS OR CORRUPTION OR BOTH IS NOT CLEAR ALTHOUGH BOTH ALLEGATIONS HAVE MADE THE RUMOR CIRCUIT. HOWEVER, SUCH RUMORS ARE CIRCULATING IN TEHRAN/ABOUT MANY AND IT IS NOT AT ALL CLEAR THAT ANSARY HAS HAD IT. WE TEND TO DISBELIEVE THE EXISTENCE OF BAHAI CONNECTIONS AND THUS FAR THERE HAVE BEEN NO PUBLIC CHARGES OF CORRUPTION LEVIED AGAINST ANSARY. HE, AND NIOC, COULD OF COURSE BE CAUGHT UP IN THE ANTI-CORRUPTION DRIVE BUT IT IS A DEVELOPMENT THAT CANNOT BE PREDICTED.

4. THE DRIFT AT NIOC COMMENTED UPON IN REFTEL HAS BEEN EVIDENT FOR FAR LONGER THAN THE RUMORS ABOUT ANSARY'S LIKELY OUSTER. WE BELIEVE THAT THIS DRIFT IS LARGELY A REFLECTION OF (A) THE DEPARTURE IN FEBRUARY OF NIOC'S TWO BEST AND MOST EXPERIENCED DIRECTORS (MINA AND NABEGH), (B) THE LACK OF PRACTICAL OIL INDUSTRY EXPERIENCE OF ANSARY AND MEHRAN, AND (C) THE DIFFICULTY OF MOVING AN ORGANIZATION AS LARGE AND LETHARGIC AS NIOC. BUT CONCERN ABOUT PROTECTING ONES SELF FROM THE POSSIBILITY

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OF AN OFFICIAL INVESTIGATION IS OF COURSE MUCH INCREASED AT PRESENT; AND, AS WE POINTED OUT IN TEHRAN 8971, ANSARY IS PROBABLY EXHIBITING THIS CONCERN. IT SHOULD ALSO BE NOTED, THOUGH, THAT THERE ARE SCORES OF SENIOR AND MIDDLE-LEVEL OFFICIALS OF NIOC (AND OF MANY OTHER GOI ENTITIES) WHO DO NOT RELISH THE PROSPECT OF AN EXTENSIVE INVESTIGATION AND ARE PERFECTLY WILLING TO LET THINGS DRIFT.

5. REPORTS OF STRIKE AFFECTING NIOC/OSCO OPERATIONS, INCLUDING PRODUCTION AND [redacted] OPERATIONS OF KHARG ISLAND EXPORT TERMINAL, WHICH HAVE BEEN CIRCULATING IN INDUSTRY CIRCLES IN TEHRAN (AND IN U.S. JUDGING FROM REFTEL) HAVE TENDED TO EXAGGERATE PRESENT AND SHORT-TERM IMPACT AND HAVE UNTIL YESTERDAY EXAGGERATED EXTENT OF WALK-OUT. THE STRIKE BEGAN ON SEPT. 23 BY A FAIRLY SMALL NUMBER OF DAILY RATED EMPLOYEES (DRE'S) IN AHWAZ. HOWEVER, IT GRADUALLY SPREAD AND BY YESTERDAY APPROXIMATELY 90 PERCENT OF DRE'S IN AHWAZ, AGHAJARI, GACHSARAN, AND KHARG ISLAND WERE PARTICIPATING IN WALK-OUT. OSCO MANAGEMENT WAS PRESENTED WITH A LIST OF 20 DEMANDS, INCLUDING BOTH SALARY AND FRINGE BENEFITS. HOWEVER, OSCO HAS TAKEN A [redacted] RELATIVELY PASSIVE [redacted] ROLE IN SUBSEQUENT NEGOTIATIONS, AND THE PRINCIPAL ACTORS HAVE BEEN THE LABOR MINISTRY, NIOC, SYNDICATES, AND UNOFFICIAL REPS OF THE DRE'S. EVERYTHING WE HAVE

HEARD INDICATES THAT THE WALK-OUT IS STRICTLY ECONOMICALLY MOTIVATED AND THAT THERE HAVE BEEN NO POLITICAL OVERTONES.

6. THERE HAVE BEEN SEVERAL NEGOTIATING MEETINGS BUT THERE HAS BEEN NO EVIDENCE OF PROGRESS. THE MINISTRY OF LABOR AND NIOC HAVE REPORTEDLY TAKEN THE LINE THAT EVERYTHING IS NEGOTIABLE BUT ONLY AFTER THE ILLEGAL STRIKE IS TERMINATED. WE UNDERSTAND THAT GOI NEGOTIA-[redacted] TORS MADE A VAGUE THREAT YESTERDAY AGAINST DRE'S WHO DID NOT REPORT FOR ESSENTIAL JOBS (INCLUDING ALL JOBS ON KHARG) BY 2:00 P.M. THE SAME DAY--SEPT. 27. REPORTEDLY, A FEW REPORTED TO WORK LATE YESTERDAY AND THIS MORNING BUT COMPLIANCE WITH THE DEMAND TO RESUME WORK HAS BEEN SPOTTY AT BEST.

7. IT IS IMPOSSIBLE TO PREDICT THE LIKELY OUTCOME, BUT THE STRIKE HAS NIOC AND, REPORTEDLY, THE SHAH VERY NERVOUS; AND, THE WORKERS MAY ACHIEVE MANY OF THEIR GOALS.

8. [redacted] THE WALK-OUT HAS THUS FAR HAD ALMOST NO [redacted] IMPACT ON [redacted] PRODUCTION OR EXPORTS. ONE SMALL FIELD (MANSURI SHUT WITH A CAPACITY OF 20MB/D) IS [redacted]-IN AS ARE TWO DESALTING PLANTS. AT KHARG, OPERATIONS ARE PROCEEDING NORMALLY. OSCO HAS TWO TUGS UNDER CONTRACT (NOT INVOLVED IN LABOR DISPUTE), IS OPERATING ONE OF ITS OWN TUGS WITH STAFF, AND IS ENGAGING THE SERVICES OF A THIRD [redacted] PRODUCTION CONTRACT TUG TODAY. AS THE DEPT IS AWARE, OIL [redacted]

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AND THE OPERATION OF ~~MARE~~ KHARG IS NOT LABOR INTENSIVE; AND, OSCO MANAGEMENT ~~ISXS~~ AND STAFF CAN CONTINUE FOR SOME TIME ON THEIR OWN WITHOUT GREATLY ~~E~~ AFFECTING PRODUCTION/EXPORT LEVELS. NEVERTHELESS, MAINTAINANCE WILL SUFFER, ACCIDENTS ARE MORE LIKELY, DEVELOPMENTAL DRILLING AND THE ACTIVITIES OF WORK-OVER RIGS HAS STOPPED, ETC., ETC.; AND EVERYONE IS MOST ANXIOUS TO SEE THE DRE'S RETURN TO WORK.

SULLIVAN

TELEGRAM

INDICATE
COLLECT
CHARGE TO

09521

FROM: AMEMBASSY TEHRAN
CLASSIFICATION: CONFIDENTIAL

E.O. 11652:
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ACTION: SECSTATE WASHDC

CONFIDENTIAL TEHRAN 09521

E.O. 11652: GDS

TAGS: ENRG, ECON, PINS, IR

SUBJECT: MORE ON LABOR PROBLEMS IN OIL SECTOR

REF: (A) STATE 246376, (B) TEHRAN 9428

1. THE GOI AND NIOC HAVE IMPOSED A VERY EFFECTIVE SHROUD OF SECRECY AROUND THE LABOR DISTURBANCES AMONG OIL INDUSTRY WORKERS IN THE SOUTH. OSCO AND LOCAL CONSORTIUM REPS HAVE BEEN INSTRUCTED BY NIOC NOT TO DISCUSS THE SITUATION WITH ANYONE AND THE NUMBER OF PEOPLE AT NIOC WHO ARE WELL INFORMED ABOUT THE STRIKE IS VERY SMALL -- EVEN ALTERNATE DIRECTORS WITH WHOM WE HAVE TALKED HAVE HEARD ONLY RUMORS, SOME OF WHICH ARE WRONG.

2. WE HAVE, HOWEVER, CONFIRMED ACCURACY OF REPORT (REF A) THAT DRE'S HAVE DEMANDED A FIFTY PERCENT WAGE INCREASE. GOI AND NIOC NEGOTIATORS HAVE OFFERED AN IMMEDIATE TEN PERCENT PAY INCREASE AND PROMISED TO [redacted] CONSIDER ADDITIONAL

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CLEARANCES:

PAY RAISE AND/OR WORKER DEMANDS FOR IMPROVED SOCIAL BENEFITS IF THE DRE'S WOULD RETURN TO WORK. AS OF OCTOBER 1, THE OFFER HAD NOT BEEN ACCEPTED AND THE DRE'S REMAIN OUT ON STRIKE.

3. ANOTHER INTERESTING FACET OF OSCO LABOR PROBLEM IS FACT THAT STRIKE WAS CALLED AND DRE DEMANDS ARE BEING NEGOTIATED BY EMPLOYEES WHO HAVE NO FORMAL RIGHT TO REPRESENT DRE LABOR FORCE. PRESENT STRIKE LEADERS MAINTAIN THAT THEIR MXNI NOMINAL REPRESENTATIVES ARE TOO COMPLIANT AND DO NOT REPRESENT THE WILL OF THE OVERWHELMING MAJORITY OF OSCO WORKERS. NIOC AND MINISTRY OF LABOR OFFICIALS INITIALLY RESPONDED BY RECOMMENDING THAT ESTABLISHED ELECTION PROCEDURES BE USED BY THE DRE'S TO SELECT NEW REPRESENTATIVES WHO WOULD HAVE A LEGAL RIGHT TO NEGOTIATE ON GENERAL TERMS OF EMPLOYMENT. APPARENTLY THE DRE'S ARE MORE ANXIOUS TO PRESS THEIR IMMEDIATE GRIEVANCES THAN TO SELECT NEW SYNDICATE REPRESENTATIVES. IT IS IN ANY CASE SOMEWHAT OF A MOOT POINT SINCE NIOC AND MINISTRY OF LABOR OFFICIALS HAVE BEEN NEGOTIATING WITH THE STRIKE LEADERS AND HAVE, THEREBY, GIVEN DE FACTO RECOGNITION OF THE DRE'S RIGHT TO CHOOSE THEIR OWN INFORMAL SROXESMX SPOKESMEN.

4. DESPITE THE CONTINUATION OF THE WALK-OUT, CRUDE PRODUCTION AND EXPORTS CONTINUE AT HIGH LEVELS.

MOREOVER, AN EARLIER THREAT THAT THE DRE'S WOULD BE JOINED IN THEIR WALK-OUT BY IRANIAN PROFESSIONAL STAFF OF OSCO HAS NOT MATERIALIZED, AND FEARS HAVE ABATED SOMEWHAT THAT THE STRIKE WILL SPREAD BEYOND THE RANKS OF THE DRE'S.

5. WE HAVE ALSO LEARNED THAT LABOR MXRXX UNREST IN THE OIL SECTOR IS NOT CONFINED TO THE SOUTH. MANY OF THE DRE'S AT THE TEHRAN REFINERY (NIOC AND NOT OSCO EMPLOYEES) HAVE BEEN ON STRIKE FOR NEARLY TWO WEEKS. THER PRINCIPAL DEMANDS ARE HIGHER SALARIES AND COMPANY-PROVIDED HOUSING. LIKE THE SOUTHERN OIL FIELDS, THE IMPACT OF THE STRIKE ON THE TEHRAN REFINERY HAS BEEN MINIMAL.

SULLIVAN

TELEGRAM

1978 OCT 22 PM 12:51

INDICATE COL. CHANGE TO

10279

FROM	CLASSIFICATION
AMEMBASSY TEHRAN	CONFIDENTIAL

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SUBJECT:

ACTION:

ACTION: SECSTATE WASHDC

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CONFIDENTIAL TEHRAN 10279

E.O. 11652: GDS

TAGS: ELAB, ENRG, IR

SUBJECT: STRIKES CONTINUE IN THE OIL SECTOR

REF: TEHRAN 9651

1. AS REPORTED REFTEL, THE GOI AND NIOC ESSENTIALLY CAVED IN TWO WEEKS AGO TO DEMANDS OF STRIKING OIL INDUSTRY DRE'S (BASICALLY UNSKILLED LABORERS AND BLUE-COLLAR EMPLOYEES) EVEN THOUGH THE STRIKE HAD HAD NO APPRECIABLE IMPACT ON OIL PRODUCTION, EXPORTS, REFINING, ETC. HOWEVER, A POTENTIALLY MUCH MORE SERIOUS STRIKE BEGAN LAST WEDNESDAY, OCTOBER 18, BY A SUBSTANTIAL PERCENTAGE OF THE IRANIAN STAFF OF OSCO IN AHWAZ AND OF THE NIOC REFINERY IN ABADAN.

2. THE STRIKING STAFF EMPLOYEES ARE DEMANDING SALARY AND ALLOWANCE INCREASES PROPORTIONAL, OR BETTER, THAN THOSE GRANTED TO THE DRE'S. THE STRIKING OIL COMPANY STAFF, IN THEIR LIST OF ECONOMIC DEMANDS, ALSO INCLUDED THE DEMAND FOR AN END TO MARTIAL LAW. IF THE STRIKE SPREADS TO THE

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CLEARANCES

CONFIDENTIAL
CLASSIFICATION

OPTIONAL FORM 152(H)
(Formerly FS-413(H))
January 1975
Dept. of State

APPEARS LIKELY)
FIELDS (WHICH ~~IS xAMOST xCERTAIN~~ AND IF ALL OR A SIGNIFICANT MAJORITY OF THE IRANIAN STAFF PARTICIPATES, PRODUCTION AND EXPORTS COULD BE SERIOUSLY AFFECTED. HOWEVER, ACCORDING TO OUR NIOC SOURCES, SENIOR STAFF ARE NOT PARTICIPATING AND THEY, ALONG WITH THEIR EXPATRIATE COLLEAGUES, ARE KEEPING EVERYTHING RUNNING RELATIVELY NORMALLY.

3. THE OIL INDUSTRY, LIKE OTHER SECTORS, HAS BEEN PLAGUED RECENTLY NOT ONLY BY STRIKES BY MAJOR GROUPS OF WORKERS BUT ALSO BY ISOLATED SLOW-DOWNS AND SIT-INS --OFTEN OF SHORT DURATION--BY RELATIVELY SMALL NUMBERS OF PEOPLE WHOSE DEMANDS ARE NOT ALWAYS WELL ARTICULATED AND WHOSE COMMITMENT TO THEIR DEMANDS IS OFTEN TRANSITORY. ONE SUCH ACTION--BY TEHRAN REFINERY PERSONNEL WHO REFUSED TO LOAD TANK TRUCKS--LED TO WIDESPREAD RUMORS IN TEHRAN THE PAST TWO DAYS ABOUT A REFINERY SHUT-DOWN, SERIOUS AND LONG-TERM GASOLINE SHORTAGES, ETC. THE STRIKE BY THE FEW REFINERY EMPLOYEES WHO CAUSED THE BOTTLENECK WAS RESOLVED BUT THE EXTRAORDINARY DEMAND FOR PETROLEUM PRODUCTS CREATED BY THE RUMORS HAS SWAMPED THE LOCAL DISTRIBUTION SYSTEM--EVEN THOUGH IT IS AGAIN OPERATING NORMALLY. NIOC EXPECTS THAT THERE WILL BE LINES AT THE FILLING STATIONS FOR THE NEXT 1-2 DAYS EVEN IF THERE ARE NO NEW PROBLEMS.

4. BASED ON THE RECORD OF CAPITULATION TO STRIKERS'

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DEMANDS OF THE PAST SEVERAL WEEKS, ONE MIGHT REASONABLY CONCLUDE THAT THE GOI AND NIOC WILL RESOLVE THE STRIKE OF OSCO AND NIOC STAFF BY QUICKLY AGREEING TO MEET THE DEMANDS. HOWEVER, A SENIOR NIOC OFFICIAL TOLD US THAT A RECOGNITION HAS DEVELOPED THAT THE STRIKES (IN THE ECONOMY AT LARGE AND NOT JUST THE OIL SECTOR) ARE PRIMARILY POLITICALLY MOTIVATED AND THAT A POLICY OF MEETING ECONOMIC DEMANDS CAN NO MORE THAN BUY--AT AN EXCESSIVE PRICE-- A VERY SHORT PERIOD OF QUIET. THE IMPLICIT BUT CLEAR MESSAGE CONVEYED BY THE NIOC OFFICIAL WAS THAT NIOC, AND PRESUMABLY THE GOI, HAD DECIDED TO GET TOUGH WITH THE STRIKERS. HOW WAS NOT MADE CLEAR.

SULLIVAN

TELEGRAM

1978 OCT 23 AM 11: 59

INDICATE
☐ COLLECT
☐ CHARGE TO
10351

	FROM	CLASSIFICATION
	AMEMBASSY TEHRAN	LIMITED OFFICIAL USE

FSE 6-1 7

O. 11652:
TAGS:
SUBJECT:

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ACTION: SECSTATE WASHDC 10351

LIMITED OFFICIAL USE TEHRAN

E.O. 11652: N/A

TAGS: ELAB, ENRG, IR

SUBJECT: STRIKES CONTINUE IN OIL SECTOR

REF: TEHRAN 10279

1. THE PREDICTION OF A SENIOR NIOC OFFICIAL THAT NIOC WOULD "GET TOUGH" WITH STRIKING STAFF WORKERS (REFTEL) HAS BEEN PROVEN SUBSTANTIALLY WRONG. YESTERDAY AFTERNOON NIOC MANAGING DIRECTOR ANSARY CONCLUDED DAY-LONG NEGOTIATIONS WITH STRIKING REFINERY WORKERS IN ABADAN AND HE AGREED TO A SALARY AND BENEFIT PACKAGE WHICH REPRESENTS A 20-52 PERCENT INCREASE IN EFFECTIVE PAY. THE INCREASE IS NOT QUITE AS GENEROUS, IN PERCENTAGE TERMS, AS WAS GIVEN EARLIER TO OIL INDUSTRY DAILY RATED EMPLOYEES. THE COMPLAINTS AND DEMANDS OF THE REFINERY STAFF ABOUT ACTIVITIES OF MARTIAL LAW AUTHORITIES (A TOUCHY POINT AT THE ABADAN REFINERY WHICH IS ACCUSTOMED TO OPERATING AUTONOMOUSLY, EVEN IN MATTERS OF SECURITY) WAS SHELVED TEMPORARILY TO GIVE NIOC MANAGEMENT

DRAFTED BY:	DRAFTING DATE	TEL. EXT.	CONTENTS AND CLASSIFICATION APPROVED BY:
E/C:RMBash:dd	10/23/78	1129	~~E/C:JLMills~~ DCM:CWNaas

CLEARANCES:
CON:JLMills

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OPTIONAL FORM 152(H)
(Formerly FS-413(H))
January 1975
Dept. of State

14

TIME TO WORK OUT A MODUS OPERANDI WITH THE MARTIAL LAW AUTHORITIES THAT WOULD BE PALATABLE TO REFINERY WORKERS.

2. THE TERMS AGREED TO BY ANSARY INCLUDE A 12.5 PERCENT INCREASE IN BASE SALARIES AND THE PAYMENT OF A NEW "SPECIAL ALLOWANCE" OF 7,500 RIALS/MONTH.

3. NIOC'S OFFER WAS REPORTEDLY ACCEPTED BY THE ABADAN REFINERY STAFF BUT, THUS FAR AT LEAST, NOT MANY OSCO STAFF HAVE RETURNED TO WORK. AS WE EXPECTED, THE STRIKE BY OSCO STAFF DID SPREAD FROM COMPANY HEADQUARTERS IN AHWAZ TO THE FIELDS AND PRESENTLY OSCO STAFF IN AHWAZ, GACHSARAN AND AGHAJARI ARE PARTICIPATING IN THE STRIKE. REPORTEDLY, OPERATIONS IN THE FIELDS HAVE NOT YET BEEN SERIOUSLY AFFECTED BY THE STRIKE.

SULLIVAN

TELEGRAM

1978 OCT 25 AM 10 15

INDICATE
☐ COLLECT
☐ CHARGE TO

10408

FROM	CLASSIFICATION
AMEMBASSY TEHRAN	CONFIDENTIAL

O 11652:
TAGS:
SUBJECT:

ACTION:

CON-1
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DCM
POL-2
PM
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716

ACTION: SECSTATE WASHDC IMMEDIATE

INFO: AMEMBASSY LONDON

FSE 6-17

CONFIDENTIAL TEHRAN 10408

E.O. 11652: XGDS-1

TAGS: ENRG, ELAB, IR

SUBJECT: MORE ON IRANIAN OIL SECTOR STRIKE

REF: TEHRAN 10383

1. THE LOCAL CONSORTIUM REPRESENTATIVE, JOHN ORANGE, CONFIRMED TO ME TODAY THE ESSENTIAL ACCURACY OF THE SHAH'S VIEW OF THE SERIOUSNESS OF THE OIL FIELD STRIKE (REFTEL). ORANGE SAID THAT ABOUT 700 MB/D WERE SHUT-IN, LARGELY IN GACHSARAN, AND THAT CRUDE EXPORTS OF OSCO-PRODUCED OIL THROUGH [redacted] KHARG ISLAND WERE RUNNING ABOUT 4 MMB/D, WHILE DEMAND WAS 4.7 MMB/D. WHILE THE STRIKE MAY BE PRIMARILY PROMOTED AND LED BY CLERICAL STAFF, IT IS OBVIOUS THAT LARGE NUMBERS OF TECHNICAL STAFF ARE ALSO PARTICIPATING.

2. ORANGE, WHILE STOPPING SHORT OF PREDICTING A COMPLETE SHUT-DOWN, COULD NOT FORESEE HOW THE STRIKE COULD BE HALTED

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C, RMBash:nbt	10/25/78	1129	AMB:WHSullivan

EARANCES:
C:JLMills
DCM:CWNaas

CONFIDENTIAL
CLASSIFICATION

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OPTIONAL FORM 152(H)
(Formerly FS-413(H))
January 1975
Dept. of State

AND HE CANDIDLY ADMITTED THAT HE WOULD NOT BE VERY SURPRISED IF THE STRIKE COMPLETELY STOPPED EXPORTS THROUGH KHARG ISLAND.

3. ONE DISTURBING AND IMPORTANT DEVELOPMENT IS THAT THE DAILY RATED EMPLOYEES AT GACHSARAN AND KHARG ISLAND HAVE JOINED THE STRIKE OF NIOC/OSCO STAFF. THIS DESPITE THE CAPITULATION OF NIOC TO STRIKING DRE'S 2 1/2 WEEKS AGO WHICH, UNTIL NOW, SEEMED TO HAVE RESOLVED THE LABOR PROBLEMS WITH THE DRE'S.

4. ORANGE ALSO LEARNED THIS MORNING THAT THE MARINE PILOTS AT KHARG ISLAND HAD GONE ON STRIKE, ALONG WITH THE DRE'S AND OSCO JUNIOR STAFF. ACCORDING TO ORANGE, THIS SITUATION IS THE MOST SERIOUS, IMMEDIATE PROBLEM AND, EVEN WITH THE IRANIAN NAVY'S ASSISTANCE, THE PILOTS' STRIKE WILL GREATLY REDUCE AND POSSIBLY EVEN PREVENT THE BERTHING OF TANKERS. NIOC MANAGING DIRECTOR ANSARY WILL GO (OR HAS ALREADY GONE) TO KHARG ISLAND TODAY TO ATTEMPT TO CONVINCE ENOUGH PEOPLE TO STAY ON THE JOB TO PREVENT A FURTHER REDUCTION IN EXPORTS.

5. ORANGE AGREED TO OBTAIN AS MUCH ADDITIONAL INFORMATION AS POSSIBLE LATER TODAY AND EARLY TOMORROW MORNING AND TO PASS ON THE INFORMATION TO THE BRITISH AMBASSADOR OR MYSELF BEFORE THE SALAAM CEREMONY TOMORROW, AFTER WHICH I WILL DISCUSS THE SITUATION

WITH THE BRITISH AMBASSADOR.

SULLIVAN

1978 OCT 30 AM 11: 12

TELEGRAM

INDICATE
☐ COLLECT
☐ CHARGE TO

10546

FROM	CLASSIFICATION
AMEMBASSY TEHRAN	CONFIDENTIAL

O. 11652:
TAGS:
SUBJECT:
ACTION:

ACTION: SECSTATE WASHDC IMMEDIATE

FSE 6-1

INFO: AMEMBASSY ABU DHABI
AMEMBASSY DOHA
AMEMBASSY JIDDA
AMEMBASSY KUWAIT
AMEMBASSY LONDON
AMCON DHAHRAN

CONFIDENTIAL TEHRAN 10546

E.O. 11652: GDS

CON 5
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OR
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TAGS: ENRG, ELAB, IR

SUBJECT: MORE ON IRANIAN OIL SECTOR STRIKE

REF: A. TEHRAN 10503, B. TEHRAN 10408

1. AS PREDICTED IN REF A, THE OIL FIELD STRIKE HAS CAUSED A FURTHER DROP IN PRODUCTION/EXPORTS. THE STRIKE BY MARINE PILOTS AT KHARG ISLAND EXPORT TERMINAL (REF B) WAS RESOLVED AND NO BOTTLENECK EXISTS AT KHARG. THE PRESENT PROBLEM INVOLVES PRODUCTION BY OSCO WHICH HAS BEEN CUT TO SOMETHING LESS THAN 2.0 MILLION B/D. WE WERE TOLD THIS MORNING BY THE LOCAL CONSORTIUM REPRESENTATIVE THAT EXPORTS FROM KHARG OF CRUDE PRODUCED BY OSCO WAS DOWN TO 1.1 MILLION B/D. FURTHERMORE, ACCORDING TO THE LOCAL

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E/C:RMBash:dd	10/30/78	1129	XXXXXXXXXX DCM:CWNaas

CLEARANCES:
E/C:JLMill

CONFIDENTIAL
CLASSIFICATION

OPTIONAL FORM 152(H)
Formerly FS-413(H)
January 1975
Dept. of State

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CONSORTIUM REPRESENTATIVE, THE MANAGING DIRECTOR OF OSCO IS INCREASINGLY PESSIMISTIC ABOUT OSCO'S ABILITY TO MAINTAIN EVEN THE CURRENT VERY LOW LEVEL OF PRODUCTION.

2. THE STRIKE SETTLEMENTS OBTAINED BY THE TWO JOINT VENTURES, IPAC AND LAPCO, APPEAR TO BE HOLDING AND THEIR OFFSHORE PRODUCTIVE CAPACITY WHICH WAS SHUT-IN LAST WEEK IS STILL BEING BROUGHT BACK ONTO PRODUCTION.

3. WE ESTIMATE THAT CURRENT EXPORT DEMAND FOR IRANIAN CRUDE IS ABOUT 5.4-5.5 MILLION B/D, WHICH IMPLIES THAT THE STRIKE IS COSTING IRAN NEARLY 4.0 MILLION B/D OF CRUDE EXPORTS--OR ABOUT $50 MILLION PER DAY.

~~4. WE ALSO HAVE UNCONFIRMED REPORTS THAT THE ABADAN AND SHIRAZ REFINERIES ARE SHUT DOWN. WE WILL VERIFY ASAP. THE TEHRAN REFINERY IS OPERATING NORMALLY; AND, THE OTHER SMALL REFINERIES (TABRIZ AND KERMANSHAH) HAVE REPORTEDLY NOT BEEN AFFECTED BY THE STRIKE.~~

4. XX NIOC HAS DONE ALMOST EVERYTHING IT CAN TO FILL CRITICAL VACANCIES CREATED BY THE STRIKE--INCLUDING THE TRANSFER YESTERDAY AND TODAY OF 20 ENGINEERS, RESEARCHERS, AND TECHNICIANS FROM THE TEHRAN RESEARCH LABORATORY TO THE ABADAN REFINERY--BUT LITTLE OR NO ADDITIONAL PERSONNEL RESOURCES ARE AVAILABLE. THE SITUATION HAS OBVIOUSLY REACHED CRISIS PROPORTIONS, FOR THE GOI AS WELL AS NIOC, AND THE PROSPECTS OF SUCCESSFULLY CONCLUDING TRADITIONAL LABOR-MANAGEMENT NEGOTIATIONS WITH THE STRIKING OIL

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(Formerly FS-413(H)a)
January 1975
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INDUSTRY STAFF APPEAR REMOTE, AT BEST.

SULLIVAN

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OPTIONAL FORM 152a(H)
(Formerly FS-413(H)a)
January 1975
Dept. of State

1978 OCT 30 PM

TELEGRAM

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☐ COLLECT
☐ CHARGE TO

10560

FROM	CLASSIFICATION
AMEMBASSY TEHRAN	SECRET

E.O. 11652:
TAGS:
SUBJECT:
ACTION:

ACTION: SECSTATE WASHDC IMMEDIATE

INFO: AMEMBASSY ANKARA PRIORITY
AMEMBASSY ISLAMABAD "
AMEMBASSY JIDDA "
AMEMBASSY LONDON "
AMEMBASSY MOSCOW "
AMEMBASSY ROME "

SECRET TEHRAN 10560

DCM-2
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ECON
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ECON
CRU

EXDIS

E.O. 11652: GDS

TAGS: ENRG, EIAB, IR

SUBJECT: IRANIAN OIL SECTOR STRIKE

1. I MET SHORTLY AFTER NOON OCTOBER 30 WITH NATIONAL IRANIAN OIL COMPANY (NIOC) CHAIRMAN HUSHANG ANSARY, WHO HAD RETURNED THAT MORNING AFTER SEVERAL DAYS OF INTENSE NEGOTIATIONS WITH STRIKERS AT NIOC INSTALLATIONS IN SOUTH IRAN. HE SAID PRODUCTION HAD FALLEN ABOUT A MILLION BARRELS A DAY FOR EACH OF THE PAST THREE DAYS AND WAS NOW DOWN TO SLIGHTLY OVER ONE MILLION BARRELS TODAY.

2. HE HAD JUST COME FROM MEETING WITH PRIME MINISTER

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Sullivan:mam			10/30/78	

AND MARTIAL LAW ADMINISTRATOR GENERAL OVEISI. HE SAID HE HAD GIVEN THEM HIS ESTIMATE THAT NINETY PERCENT OF NIOC STAFF WAS PREPARED TO RETURN TO WORK ON BASIS ECONOMIC BENEFITS HE HAD NEGOTIATED WITH THEM, BUT WERE BEING INTIMIDATED BY LESS THAN TEN PERCENT "TRAINED RADICALS" WHO WERE INSISTING ON POLITICAL DEMANDS.

3. PRIME MINISTER HAD DECIDED INSTRUCT MARTIAL LAW AUTHORITIES TO ISOLATE THE RADICALS, READ THEM MARTIAL LAW PROVISIONS ABOUT OBSTRUCTING VITAL INDUSTRY, AND OFFER THEM OPTION OF RETURNING TO WORK OR BEING ARRESTED. THIS ACTION WOULD BEGIN EVENING OF OCTOBER 30. IF IT WORKS, AND STAFF RETURNS TO WORK, ANSARY FEELS PRODUCTION CAN BE BACK TO NORMAL IN TWO DAYS. IF NOT AND STAFF REMAINS OUT, HE IS PREPARING SEVERAL CONTINGENCIES.

4. FIRST ACTION WILL BE TO CUT BACK ALL EXPORTS, INCLUDING ASSOCIATED GAS SUPPLIES FOR SOVIETS, AND RESTRICT PRODUCTION TO DOMESTIC USES. REFINERIES ARE ALL STILL IN PRODUCTION, ALTHOUGH ABADAN HAS DROPPED TO 350,000 BARRELS PER DAY. AS COROLLARY OF THIS ACTION, RATIONING WILL BE PREPARED (ALTHOUGH ANSARY DOUBTS IT COULD BE IMPLEMENTED).

5. SECOND ACTION, WHICH IS BEING PREPARED ON CONTINGENCY BASIS, WOULD BE TO RECRUIT FOREIGNERS FROM EUROPEAN OIL INSTALLATIONS WHICH ARE RUNNING BELOW CAPACITY, TO REPLACE

STRIKERS, AND RESTORE PARTIAL PRODUCTION AT LEAST SUFFICIENTLY TO SUPPLY DOMESTIC DEMAND. HE AND REZA FALLAH OF NIOC, PLUS GEORGE LINK OF OSCO, ARE PREPARED TO FLY TO LONDON IN THE NEXT FEW DAYS TO WORK OUT DETAILS WITH CONSORTIUM IF NECESSARY.

SULLIVAN

1978 NOV -1 AM 11:58

TELEGRAM

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10666

FROM: AMEMBASSY TEHRAN | CLASSIFICATION: SECRET

E.O. 11652:
TAGS:
SUBJECT:
ACTION:

ACTION: SECSTATE WASHDC IMMEDIATE

INFO: AMEMBASSY ANKARA IMMEDIATE
AMEMBASSY ISLAMABAD "
AMEMBASSY JIDDA "
AMEMBASSY KUWAIT "
AMEMBASSY LONDON "
AMEMBASSY MOSCOW "

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SECRET TEHRAN

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E.O. 11652: GDS

TAGS: ENRG, ELAB, IR

SUBJECT: IRANIAN OIL SECTOR SITUATION

REF: TEHRAN 10560

1. I MET EVENING OCTOBER 31 WITH NIOC CHAIRMAN HUSHANG ANSARY TO DISCUSS RESULTS OF GOVT DECISION TO MOVE MARTIAL LAW FORCES INTO OIL INSTALLATIONS. I FOUND HIM CAUTIOUSLY OPTIMISTIC, BUT RATHER TENSE.

2. HE SAID MANY WORKERS WERE RETURNING TO THE FIELDS AND PRODUCTION WAS RISING. KHARG ISLAND WAS COMPLETELY OPERATIONAL. REFINERIES WERE RUNNING AT REDUCED CAPACITY.

3. HE REPORTED ONE CHANGE FROM STRATEGY OUTLINED REFTEL.

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Classification

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(Formerly FS 413)
July 1978
Dept. of State

INSTEAD OF ARRESTING THOSE NIOC OR OSCO EMPLOYEES WHO REFUSED TO RETURN TO WORK, HE HAD DECIDED MERELY TO DISMISS THEM FROM EMPLOYMENT. HIS LAWYERS HAD ASSURED HIM THAT THERE WAS COMPLETE LEGAL FOUNDATION FOR SUCH ACTION UNDER NORMAL CIVIL LAW, WITHOUT RESORT TO MARTIAL LAW PROVISIONS.

4. HIS JUDGMENT, AS BEFORE, WAS THAT OVERWHELMING MAJORITY OF EMPLOYEES WOULD RETURN TO WORK. HE HAD INSTRUCTED DIBA, HIS DEPUTY IN SOUTH IRAN, TO REHABILITATE OPERATIONS ON UNIT BY UNIT BASIS. SO FAR, THIS WAS PROCEEDING SMOOTHLY.

5. IF THERE WERE EMPLOYEES WHO WERE TO BE DISMISSED, HE DID NOT EXPECT THEIR NUMBERS TO BE SIGNIFICANT. HE HAD WORKED OUT SCHEME WITH OSCO CHIEF GEORGE LINK TO REPLACE THOSE WHO MIGHT BE DISMISSED WITH VARIOUS PERSONNEL TO BE DRAWN FROM ARMED FORCES, FROM TRAINEES, AND FROM TEHRAN HEADQUARTERS. CONSEQUENTLY, THE CONTINGENCY PLAN (REFTEL) TO RECRUIT EXPATRIATES HAD BEEN SHELVED.

6. JOHN ORANGE, LOCAL CONSORTIUM REPRESENTATIVE, TELEPHONED ME MORNING NOVEMBER 1 TO CONFIRM MOST OF FOREGOING. I WILL MEET WITH ANSARY AT NOON NOVEMBER 1 FOR FURTHER UPDATE.

SULLIVAN

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(Formerly FS 413 (H))
January 1975
Dept. of State

1978 NOV -2 AM 8 17

TELEGRAM

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10695

FROM	CLASSIFICATION
AMEMBASSY TEHRAN	CONFIDENTIAL

E.O. 11652:
TAGS:
SUBJECT:
ACTION:

ACTION: SECSTATE WASHDC IMMEDIATE

INFO: AMEMBASSY ANKARA PRIORITY
AMEMBASSY ISLAMABAD "
AMEMBASSY JIDDA "
AMEMBASSY LONDON "
AMEMBASSY MOSCOW "
AMEMBASSY ROME "

FSE 6-1

CONFIDENTIAL TEHRAN 10695

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E.O. 11652: GDS

CRU-2

TAGS: ENRG, ELAB, IR

SUBJECT: IRANIAN OIL SECTOR SITUATION

1. NIOC CHAIRMAN HUSHANG ANSARY TELEPHONED ME MORNING NOVEMBER 2 WITH LATEST REPORT FROM OIL INSTALLATIONS. HE SAID PRODUCTION WAS GRADUALLY INCREASING, WITH 2.3 MILLION BARRELS EXPECTED TODAY. HIS PLAN, USING SAME MILITARY WORKERS, WAS TO GET UP TO 4.0 MILLION BPD IN TWO WEEKS. COMMENT: SUBSEQUENT TO CONVERSATION WITH ANSARY, WE TALKED WITH THE MANAGING DIRECTOR OF OSCO WHO SAID THAT ANSARY'S FIGURES WERE REALISTIC. END COMMENT.

DRAFTED BY	DRAFTING DATE	TEL EXT	CONTENTS AND CLASSIFICATION APPROVED BY
AMB:WHSullivan:mam	11/2/78		AMB

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OPTIONAL FORM 153
(Formerly FS-413)
January 1975
Dept. of State

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2. HE SAID ABADAN REFINERY WAS ADEQUATELY STAFFED AND WOULD MOVE UP TO 500 THOUSAND BARRELS TODAY. THIS ACTION WAS NECESSARY TO COMPENSATE FOR LOSSES EXPECTED IN SHIRAZ AND TABRIZ, WHERE THE REFINERIES WERE THREATENED BY SHUTDOWN.

3. I TOLD ANSARY THESE FACTS WERE CONTRARY TO REPORTS IN MORNING NEWSPAPERS, WHICH CONTENDED PRODUCTION WAS DROPPING TO ZERO. HE SAID PAPERS WERE BEING FED FALSE INFORMATION BY THE RADICAL STRIKERS. I POINTED OUT THAT NIOC HAD LARGE PUBLIC RELATIONS STAFF WHICH OUGHT TO GET TRUE FACTS TO PRESS. HE PROMISED TO ACTIVATE THEM.

4. HE THEN TOLD ME HE WAS ACTUALLY TELEPHONING FROM AIRPORT, WHERE HE WAS ABOUT TO BOARD PLANE FOR NEW YORK. HE HAS MEETING THERE NOVEMBER 3 WITH HENRY KISSINGER AND A FEW OTHERS, WHICH HE WILL ATTEND INCOGNITO. HE EXPECTS TO RETURN TO TEHRAN EVENING NOVEMBER 4. THIS MAY NOT BE SAVOIR FAIRE, BUT IT LOOKS LIKE SANG FROID.

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(Formerly FS-413(H)a)
January 1975
Dept. of State

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TELEGRAM

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FROM	CLASSIFICATION
AMEMBASSY TEHRAN	CONFIDENTIAL 10726

E.O. 11652:
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ACTION: SECSTATE WASHDC [redacted] PRIORITY

INFO: AMEMBASSY ABU DHABI
AMEMBASSY DOHA
AMEMBASSY JIDDA
AMEMBASSY KUWAIT
AMEMBASSY LONDON
AMCON DHARAN

FSE 6-1

CONFIDENTIAL TEHRAN ~~10726~~

E.O. 11652: GDS

TAGS: ENRG, ELAB, IR

SUBJECT: MORE ON IRANIAN OIL SECTOR STRIKE

REF: TEHRAN 10695

1. REFTEL CONTAINED CURRENT INFORMATION ON THE CONTINUING PROGRESS IN INCREASING PRODUCTION FROM THE KHUZESTAN FIELDS, I.E. THE FIELDS PRODUCED BY OSCO. IPAC, HOWEVER, IS STILL COMPLETELY SHUT-DOWN WITH ITS 400 MB/D OF CAPACITY, AND THERE ARE CONCERNS THAT THE STRIKE AGAINST LAPCO, WITH 200 MB/D OF CAPACITY, MAY BE RESUMED.

2. THE ULTIMATUM GIVEN STRIKING NIOC AND OSCO EMPLOYEES TWO DAYS AGO TO RETURN TO WORK OR FACE IMPRISONMENT HAD NOT, AS OF NOVEMBER 1, BEEN GIVEN TO STRIKING IPAC EMPLOYEES.

DRAFTED BY	DRAFTING DATE	TEL. EXT.	CONTENTS AND CLASSIFICATION APPROVED BY
C/C:RMBash:nbt	11/2/78	1129	ADCM:JLMills

CLEARANCES:

CONFIDENTIAL
CLASSIFICATION

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OPTIONAL FORM 152(H)
(Formerly FS 413(HI))
January 1975
Dept. of State

ACCORDING TO LOCAL OFFICIAL OF AMOCO (50 PERCENT OWNER OF IPAC), THERE ARE NO NEGOTIATIONS IN PROGRESS AND RESUMPTION PROBLEMATICAL SINCE STRIKERS' DEMANDS ARE EITHER POLITICAL OR, [redacted] IF ECONOMIC, ARE OUTRAGEOUS. ACCORDING TO SOURCE, ALL IRANIAN IPAC STAFF AT KHARG ISLAND, EVEN SENIOR SUPERVISORS, ARE WILLING PARTICIPANTS IN THE STRIKE.

3. WE ALSO LEARNED LAST NIGHT FROM LOCAL OFFICIAL OF ARCO (12 1/2 percent OWNER OF LAPCO) THAT LAPCO EMPLOYEES ON LAVAN ISLAND HAVE THREATENED TO RESUME THEIR STRIKE ON NOVEMBER 4. WE WERE TOLD THAT CONCERNS AND DEMANDS VOICED YESTERDAY BY LAPCO EMPLOYEES WERE, FOR THE FIRST TIME, POLITICAL IN NATURE.

4. ALTHOUGH THINGS APPEAR TO BE GOING ABOUT AS WELL AS COULD BE EXPECTED IN SOLVING THE PROBLEMS OF NIOC (AMONG ITS REFINERY STAFF) AND BY OSCO, THE SITUATION OF THE TWO MOST IMPORTANT JOINT VENTURES IS LESS SANGUINE. [redacted] NIOC MAY UNDERSTANDABLY BE CONCENTRATING ITS ATTENTION AND EFFORTS TOWARDS THE MOST CRUCIAL OPERATIONS (I.E. PRODUCTION FROM THE KHUZESTAN FIELDS AND REFINING), BUT IT MAY BE A SERIOUS MISTAKE TO ALLOW, BY [redacted] DEFAULT, THE SITUATION ANYWHERE TO STAGNATE OR DETERIORATE.

SULLIVAN

CONFIDENTIAL
Classification

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OPTIONAL FORM 152A(H)
(Formerly FS 413(HI)a)
January 1975
Dept. of State

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RUMJPG/USLO PEKING IMMEDIATE 3679
RUEHKO/AMEMBASSY TOKYO IMMEDIATE 9419
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E.O. 11652: GDS

TAGS: ENRG, ELAB, IR

SUBJECT: REPORTING ON OIL STRIKE

1. DEPARTMENT OF ENERGY REQUESTS THAT EMBASSY REPORTING ON OIL SECTOR STRIKE BE PASSED TO USLO PEKING AND EMBASSY TOKYO MARKED FOR ATTENTION OF SECRETARY SCHLESINGER WHO IS VISITING THOSE AREAS. MESSAGES TO PEKING SHOULD BE CONTINUED THROUGH 0900 LOCAL ON NOVEMBER 5 AND TO TOKYO THROUGH 0900 ON NOVEMBER 7.

2. WASHINGTON AGENCIES COMMEND POST FOR EXCELLENT REPORTING OF SITUATION. VANCE
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CONFIDENTIAL

TELEGRAM

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INDICATE
☐ COLLECT
☐ CHARGE TO

10738

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	FROM	CLASSIFICATION
	AMEMBASSY TEHRAN	CONFIDENTIAL

O 11652:
TAGS:
SUBJECT:

ACTION: SECSTATE WASHDC IMMEDIATE

INFO: AMEMBASSY ABU DHABI

ACTION:

ON-5

AMEMBASSY DOHA

AMEMBASSY JIDDA

:B
:M
:L-2
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:A
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:O
:R
:IR
:U

AMEMBASSY KUWAIT

AMEMBASSY LONDON

AMCON DHAHRAN

USLO PEKING

CONFIDENTIAL TEHRAN 10738

PEKING PASS SECRETARY SCHLESINGER

E.O.11652: GDS

TAGS: ENRG, ELAB, IR

SUBJECT: MORE ON IRANIAN OIL SECTOR STRIKE

REF: TEHRAN 10733

1. IMPROVEMENT IN SITUATION IN OSCO-MANAGED KHUZESTAN FIELDS HAS BEEN SUBSTANTIALLY LESS RAPID THAN WE HAD BEEN LED TO BELIEVE OR AS WE HAVE REPORTED OVER LAST TWO DAYS. WHILE WE REPORTED THAT OSCO WAS EXPECTED TO PRODUCE 2.2-2.3

DRAFTED BY:	DRAFTING DATE	TEL. EXT.	CONTENTS AND CLASSIFICATION APPROVED BY:
/C:RMBash:nbt	11/4/78	1129	E/C:JLMills

CLEARANCES:

CONFIDENTIAL
CLASSIFICATION

50152-101

OPTIONAL FORM 152(H)
(Formerly FS-413(H))
January 1975
Dept. of State

MILLION B/D ON NOVEMBER 2 AND 3, ACTUAL PRODUCTION WAS 1.5 MILLION BBLS ON NOVEMBER 2 AND 1.7 MILLION BBLS. ON NOVEMBER 3. OSCO HAS LOWERED ITS EXPECTATIONS AND IS NOT PREDICTING WHEN PRODUCTION WILL REACH 4.0 MILLION B/D. ACTUAL PRODUCTION BY OSCO AT 0600 THIS MORNING, NOVEMBER 4, WAS AT A RATE OF 1.8 MILLION B/D BUT OSCO BELIEVES THAT 1.9 MILLION BBLS WILL BE PRODUCED TODAY.

2. THE THREAT OF A RESUMPTION OF THE STRIKE AGAINST LAPCO (REPORTED ON NOVEMBER 2) WAS WELL FOUNDED. THE SHUT-DOWN OF LAPCO'S 200 THOUSAND B/D OF CAPACITY BEGAN LAST NIGHT AND BY 0600 THIS MORNING PRODUCTION HAD COME TO A COMPLETE STANDSTILL. THE DEMANDS OF STRIKING LAPCO WORKERS ARE NOT, OVERTLY AT LEAST, POLITICAL IN NATURE. HOWEVER, SOME OF THE ECONOMIC DEMANDS ARE SUCH THAT NIOC AND LAPCO MANAGEMENT COULD NOT COMPLY, EVEN IF THEY WISHED. FOR EXAMPLE, ONE OF THE DEMANDS IS FOR AN IMMEDIATE CHANGE IN WORKING SCHEDULES SO THAT EMPLOYEES WHO NOW WORK ON LAVAN ISLAND OR ON OFFSHORE PLATFORMS FOR TWO WEEKS FOLLOWED BY ONE WEEK OFF WOULD HAVE ONE WEEK OFF FOR EVERY WEEK THAT THEY WORK. SUCH A DEMAND CANNOT BE MET IN THE NEAR FUTURE, MUCH LESS IMMEDIATELY, BECAUSE IT WOULD REQUIRE A SIGNIFICANT EXPANSION IN THE LABOR FORCE AT A TIME WHEN THE LABOR MARKET FOR QUALIFIED OIL SPECIALISTS IS VERY TIGHT. SUCH DEMANDS COULD BE SIMPLY A NEGOTIATING TACTIC DESIGNED TO OBTAIN THE BEST

POSSIBLE DEAL, BUT THUS FAR THE STRIKERS' DEMANDS HAVE TENDED TO BE NON-NEGOTIABLE AND MAY THUS BE DESIGNED TO CAUSE A CRISIS.

3. THERE HAS BEEN NO CHANGE WITH [redacted] IPAC. THEIR STRIKE CONTINUES AND IPAC'S 400 THOUSAND B/D OF CAPACITY IS COMPLETELY SHUT-IN.

4. TOTAL PRODUCTION (OSCO, SIRIP, IMINOCO, AND SOFIRAN) TODAY EXPECTED TO BE ABOUT 2.0 MILLION B/D.

SULLIVAN

TELEGRAM

1978 NOV -5 AM 8:00

INDICATE
COLLECT
CHARGE TO

10757

FROM	CLASSIFICATION
AMEMBASSY TEHRAN	CONFIDENTIAL

O. 11652:
TAGS:
SUBJECT:

ACTION: SECSTATE WASHDC IMMEDIATE

FSE 6-1 7

INFO: AMEMBASSY ABU DHABI
AMEMBASSY BAGHDAD
AMEMBASSY CARACAS
AMEMBASSH DOHA
AMEMBASSY JIDDA
AMEMBASSY KUWAIT
AMEMBASSY LONDON PRIORITY
AMEMBASSY TOKYO PRIORITY
USLO PEKING PRIORITY
AMCONSUL DHAHRAN

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CONFIDENTIAL TEHRAN 10757

TOKYO PASS SECRETARY SCHLESINGER'S PARTY

E.O. 11652: GDS

TAGS: ENRG, ELAB, IR

SUBJECT: IRANIAN OIL SECTOR STRIKE

1. PRODUCTION NOVEMBER 4 FROM THE KHUZESTAN FIELDS BY OSCO WAS 1,734,000 BBLS, 652,000 BBLS OF WHICH WAS DELIVERED TO DOMESTIC REFINERIES AND 1,082,000 BBLS WAS AVAILABLE FOR EXPORT AS CRUDE. IPAC AND LAPCO ARE BOTH STILL COMPLETELY SHUT-DOWN BY STRIKES. TOTAL PRODUCTION ON NOVEMBER 4 (INCLUDING OSCO, SIRIP, IMINOCO AND SOFIRAN) WAS ABOUT 1.85 MILLION BBLS.

DRAFTED BY	DRAFTING DATE	TEL. EXT.	CONTENTS AND CLASSIFICATION APPROVED BY:
E/C:RMBash:dd	11/5/78	1129	DCM:CWNeas

CLEARANCES:
E/C:JLMill

CONFIDENTIAL
CLASSIFICATION

0152 101

OPTIONAL FORM 152(H)
(Formerly FS-413(H))
January 1975
Dept. of State

2. ACCORDING TO THE LOCAL CONSORTIUM OFFICE, OSCO IS PREDICTING PRODUCTION OF 2.2 MILLION BBLS TODAY. HOWEVER, NEITHER THE LOCAL CONSORTIUM OFFICE NOR THE EMBASSY PLACE MUCH CREDENCE IN THE ESTIMATES WHICH OSCO HAS BEEN MAKING FOR THE PAST 4-5 DAYS.

3. THIS MORNING NIOC CENTRAL OFFICE STAFF JOINED THE STRIKE. THIS ACTION SHOULD NOT HAVE ANY IMPACT ON PRODUCTION, EXPORTS OR REFINING, IN PART BECAUSE THERE ARE SO MANY REDUNDANT STAFF AND IN PART BECAUSE CENTRAL OFFICE STAFF DO NOT HAVE ANY VITAL RESPONSIBILITY FOR BASIC OPERATIONS. HOWEVER, THE ACTION IS IMPORTANT IN A SYMBOLIC WAY, ESPECIALLY SINCE THE CENTRAL OFFICE STAFF HAVE BEEN MUCH LESS POLITICIZED THAN THEIR COLLEAGUES IN THE SOUTH.

4. THERE HAS ALSO BEEN A RESUMPTION OF THE STRIKE BY EMPLOYEES OF THE DISTRIBUTION SYSTEM IN TEHRAN WHICH HAS SEVERELY REDUCED THE FLOW OF PRODUCTS FROM THE TEHRAN REFINERY TO RETAIL OUTLETS. CONSEQUENTLY, LONG LINES HAVE FORMED AT THE GAS STATIONS. ON THE BRIGHTER SIDE--THE NOTORIOUS TEHRAN TRAFFIC IS MUCH REDUCED AS MOTORISTS ARE APPARENTLY CONSERVING WHAT FUEL THEY HAVE.

5. WE HAVE BEEN UNABLE THUS FAR TO OBTAIN RELIABLE INFORMATION ON THE CURRENT STATUS OF THE VARIOUS IRANIAN REFINERIES. REPORTEDLY THOSE AT SHIRAZ AND TABRIZ ARE SHUT DOWN, WHILE ABADAN'S THROUGHPUT IS ONLY 200,000

OPTIONAL FORM 152a(H)
(Formerly FS-413(H)a)
January 1975
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B/D, I.E. ONE-THIRD OF CAPACITY. TEHRAN REFINERY IS WORKING BUT THROUGHPUT COULD CONCEIVABLY HAVE TO BE REDUCED IF THE INTERRUPTION IN THE DISTRIBUTION SYSTEM CONTINUES.

6. IN SUMMARY, THE SITUATION APPEARS TO BE SLOWLY BUT GRADUALLY DETERIORATING; AND OSCO AND NIOC HAVE FEW IF ANY MORE QUALIFIED PERSONNEL TO MOVE INTO NEW TROUBLE SPOTS. THE MILITARY CAN HELP IN SOME AREAS--AND WE HAVE REPORTS THAT THEY ARE DELIVERING REFINED PRODUCTS FROM THE TEHRAN REFINERY TO FILLING STATIONS AND RETAIL DISTRIBUTION DEPOTS--BUT SOLDIERS DO NOT HAVE THE SKILLS REQUIRED FOR MOST CRITICAL TASKS IN THE OIL INDUSTRY.

SULLIVAN

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1978 NOV -6 AM 10: 25

TELEGRAM

INDICATE COLLECT CHARGE TO

12815

	FROM	CLASSIFICATION
	AMEMBASSY TEHRAN	CONFIDENTIAL

FSE 6-1

O. 11652:
TAGS:
SUBJECT:

ACTION:

CON-6

MB
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17

ACTION: SECSTATE WASHDC IMMEDIATE

INFO: AMEMBASSY ABU DHABI
AMEMBASSY BAGHDAD
AMEMBASSY CARACAS
AMEMBASSY DOHA
AMEMBASSY JIDDA
AMEMBASSY KUWAIT
AMEMBASSY LONDON PRIORITY
AMEMBASSY TOKYO PRIORITY
USLO PEKING PRIORITY
AMCONSUL DHAHRAN

CONFIDENTIAL TEHRAN 10815

TOKYO PASS SECRETARY SCHLESINGER'S PARTY

E.O. 11652: GDS

TAGS: ENRG, ELAB, IR

SUBJECT: IRANIAN OIL SECTOR STRIKE

1. PRODUCTION NOVEMBER 5 FROM THE KHUZESTAN FIELDS BY OSCO WAS 1,791,000 BBLS, 559,000 BBLS OF WHICH WAS DELIVERED TO DOMESTIC REFINERIES AND 1,232,000 BBLS WAS AVAILABLE FOR EXPORT AS CRUDE. IPAC AND LAPCO ARE BOTH STILL COMPLETELY SHUT-DOWN BY STRIKES, TOTAL PRODUCTION ON NOVEMBER 4 (INCLUDING OSCO, SIRIP, IMINOCO AND SOFIRAN) WAS ABOUT 1.9 MILLION BBLS.

DRAFTED BY	DRAFTING DATE	TEL. EXT.	CONTENTS AND CLASSIFICATION APPROVED BY
E/C:RMBash:nbt	11/6/78	1129	E/C:JLMills

ARANCES:

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CONFIDENTIAL
CLASSIFICATION

50152-101

OPTIONAL FORM 152(H)
(Formerly FS-413(H))
January 1975
Dept. of State

2. PRODUCTION TODAY IS SHARPLY DOWN. THIS MORNING PRODUCTION BY OSCO WAS RUNNING AT A RATE OF 1,261,000 B/D AND THE LOCAL CONSORTIUM REPRESENTATIVE GAVE US NO REASON TO EXPECT MUCH OF AN INCREASE AS THE DAY PROGRESSES.

3. THE UNCONFIRMED REPORTS THAT WE HAVE BEEN RECEIVING ABOUT CONTINUED DECLINE IN REFINERY THROUGH-PUT [redacted] ARE BEGINNING TO BE BORNE OUT BY OSCO FIGURES OF CRUDE DELIVERIES TO DOMESTIC REFINERIES. WHILE DELIVERIES HELD FIRM AT 650,000 B/D FOR THE WEEK ENDING NOVEMBER 4, THEY WERE DOWN TO 559,000 BBLS YESTERDAY AND OSCO HAS SCHEDULED DELIVERIES OF ONLY 417,000 BBLS [redacted] TODAY. THE TEHRAN REFINERY IS REPORTEDLY RUNNING AT NEAR CAPACITY (225,000 B/D) BUT DISTRIBUTION IS APPARENTLY ERRATIC.

4. NIOC ATTEMPTED AGAIN YESTERDAY TO NEGOTIATE WITH STRIKING OSCO EMPLOYEES BUT TALKS WERE BROKEN OFF BECAUSE STRIKERS WANTED TO DISCUSS ONLY POLITICAL ISSUES AND NIOC NEGOTIATORS REFUSED TO DISCUSS ANYTHING BUT ECONOMIC ISSUES.

5. THE POLITICAL SITUATION IN AHWAZ AND THE FIELDS APPARENTLY WAS NOT AFFECTED BY YESTERDAY'S EVENTS IN TEHRAN AND OSCO MANAGEMENT REPORTS THAT THE SITUATION IN THE SOUTH IS RELATIVELY CALM -- ONLY THAT VERY FEW PEOPLE ARE WORKING.

SULLIVAN

TELEGRAM

1978 NOV -7 PM 1:11

INDICATE COLLECT CHARGE TO

10879

FROM	CLASSIFICATION
AMEMBASSY TEHRAN	CONFIDENTIAL

O. 11652:
TAGS:
SUBJECT:
ACTION:

ACTION: SECSTATE WASHDC IMMEDIATE

FSE 6-1

INFO: AMEMBASSY ABU DHABI
AMEMBASSY BAGHDAD
AMEMBASSY CARACAS
AMEMBASSY DOHA
AMEMBASSY JIDDA
AMEMBASSY KUWAIT
AMEMBASSY LONDON
AMEMBASSY MANAMA
AMEMBASSY MUSCAT
AMEMBASSY TOKYO
AMCON DHAHRAN

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CONFIDENTIAL TEHRAN 10879

E.O. 11652: GDS

TAGS: ENRG, ELAB, IR

SUBJECT: IRANIAN OIL SECTOR STRIKE

1. PRODUCTION NOVEMBER 6 FROM THE KHUZESTAN FIELDS BY OSCO WAS 1,261,000 BBLS, ~~[redacted]~~ 417,000 OF WHICH WAS DELIVERED TO DOMESTIC REFINERIES, WHILE THE OTHER ~~[redacted]~~ 844,000 BBLS WAS AVAILABLE FOR EXPORT AS CRUDE. IPAC AND LAPCO ARE BOTH STILL COMPLETELY SHUT DOWN BY STRIKES. WE HAVE ALSO LEARNED TODAY THAT THE JOINT VENTURE SIRIP (50 PERCENT NIOC, 50 PERCENT AGIP), WITH A PRODUCTIVE CAPACITY OF ABOUT 50,000 B/D, WAS SHUT DOWN BY STRIKE ACTION 2-3 DAYS AGO.

DRAFTED BY	DRAFTING DATE	TEL. EXT.	CONTENTS AND CLASSIFICATION APPROVED BY:
E/C:RMBash:dd	11/7/78	1129	[redacted] DCM:CWNaas

ECON:STMills

CONFIDENTIAL
CLASSIFICATION

OPTIONAL FORM 152(H)
(Formerly FS-413(H))
January 1975
Dept. of State

0152 101

TOTAL PRODUCTION ON NOVEMBER 6 (INCLUDING OSCO, IMINOCO AND SOFIRAN) WAS ABOUT 1.3 MILLION BBLS.

2. PRODUCTION NOVEMBER 7 BY OSCO IS EXPECTED TO BE 1,152,000 BBLS, DIVIDED ABOUT EQUALLY BETWEEN EXPORT AND DELIVERIES TO DOMESTIC REFINERIES.

3. ESTABLISHMENT OF THE NEW MILITARY GOVERNMENT APPEARS TO HAVE HAD LITTLE EFFECT ON THE STRIKE -- PEOPLE HAVE NOT RESUMED WORK IN ANY SIGNIFICANT NUMBERS AND STRIKERS' ATTITUDES, JUDGING FROM THE FEW WITH WHOM WE TALKED THIS MORNING, HAVE NOT CHANGED. EVERYONE SEEMS TO BE WAITING FOR SOMETHING TO HAPPEN BEFORE THEY DECIDE WHAT THEY SHOULD DO.

4. ACCORDING TO THE LOCAL CONSORTIUM REPRESENTATIVE THE SITUATION IN AHWAZ IS, HOWEVER, SOMEWHAT CALMER. OSCO IS TRAINING 160 IIN SAILORS TO OPERATE PRODUCTION UNITS AND THEY ARE EXPECTED TO BEGIN WORKING WITHIN THE NEXT DAY OR TWO. CONSEQUENTLY, EVEN IF NO STRIKERS RETURN TO WORK, OSCO EXPECTS PRODUCTION TO INCREASE SIGNIFICANTLY. THE LOCAL CONSORTIUM REPRESENTATIVE ALSO SAID THAT MARTIAL LAW AUTHORITIES WERE ISSUING, OR WOULD SHORTLY ISSUE, ANOTHER ULTIMATUM TO THE STRIKERS IN THE SOUTH--RETURN TO WORK OR BE ARRESTED. WE WOULD PRESUME THAT THE THREAT WILL BE CARRIED OUT THIS TIME, BUT IT IS IMPOSSIBLE TO PREDICT WHAT MIGHT HAPPEN.

SULLIVAN

50153-201

OPTIONAL FORM 153A
(Formerly FS-413A)
January 1975
Dept. of State

TELEGRAM

1978 NOV -8 PM 1:41

INDICATE ☐ COLLECT ☐ CHARGE TO

10958

FROM: AMEMBASSY TEHRAN
CLASSIFICATION: CONFIDENTIAL

O. 11652:
TAGS:
SUBJECT:
ACTION:

ACTION: SECSTATE WASHDC ~~PRIORITY~~ IMMEDIATE

INFO: AMEMBASSY ABU DHABI
AMEMBASSY BAGHDAD
AMEMBASSY CARACAS
AMEMBASSY DOHA
AMEMBASSY JIDDA
AMEMBASSY KUWAIT
AMEMBASSY LONDON
AMEMBASSY MANAMA
AMEMBASSY MUSCAT
AMEMBASSY TOKYO
AMCON DHAHRAN

FSE 6-1

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CONFIDENTIAL TEHRAN 10958

E.O. 11652: GDS

TAGS: ENRG, ELAB, IR

SUBJECT: IRANIAN OIL SECTOR STRIKE

1. PRODUCTION NOVEMBER 7 FROM THE KHUZESTAN FIELDS BY OSCO WAS 1,152,000 BBLS, 553,000 OF WHICH WAS DELIVERED TO DOMESTIC REFINERIES LEAVING 599,000 BBLS FOR EXPORT AS CRUDE. ALL FOUR JOINT VENTURES WITH A COMBINED PRODUCTIVE CAPACITY OF 700,000 B/D, ARE COMPLETELY SHUT DOWN. SIRIP AND IMINOCO WERE THE LAST TO BE AFFECTED AND THEY CEASED PRODUCTION ON NOVEMBER 6. CONSEQUENTLY, IRAN'S ONLY PRODUCTION IS BY OSCO FROM THE KHUZESTAN FIELDS.

DRAFTED BY	DRAFTING DATE	TEL. EXT.	CONTENTS AND CLASSIFICATION APPROVED BY:
E/C:RMBash:dd	11/8/78	1129	DCM:CWmas

ALLIANCES
E/C:JLMill

OPTIONAL FORM 152(H)
(Formerly FS-413(H))
January 197
Dept. of Stat

2. PRODUCTION TODAY BY OSCO IS SCHEDULED AT 1,132,000 BBLS, 544,000 BBLS OF WHICH WILL BE DELIVERED TO DOMESTIC REFINERIES LEAVING ONLY 588,000 BBLS FOR EXPORT AS CRUDE.

3. OSCO CONTINUES TO BE GUARDEDLY OPTIMISTIC AND MAINTAINS THAT BOTTOM HAS BEEN REACHED. HOWEVER, WE UNDERSTAND THAT THOSE RELATIVELY FEW WORKERS WHO HAVE BROKEN RANKS AND RETURNED TO WORK ARE UNDER GREAT PRESSURE FROM THEIR STRIKING COLLEAGUES TO CEASE WORK. THE SITUATION SEEMS TO BE AS POLITICIZED AS EVER. THE HOPES FOR INCREASED PRODUCTION ARE BASED ON THE EXPECTATION THAT THE SAILORS WHO ARE BEING TRAINED TO OPERATE OIL FIELD FACILITIES WILL BE PRODUCTIVE AND NO ONE SEEMS TO BE ANTICIPATING A QUICK, WIDESPREAD RETURN TO WORK BY THE STRIKERS.

4. FILLING STATIONS IN TEHRAN ARE OPEN BUT THEY ARE COMPLETELY SWAMPED, AND LINES OF CARS AWAITING THEIR TURN TO FILL UP TYPICALLY EXTEND FOUR BLOCKS AND MORE. AMPLE SUPPLIES SEEM TO BE REACHING THE STATIONS SO IT SHOULD BE A MATTER OF ONLY 2-3 DAYS BEFORE PENT-UP DEMAND IS SATISFIED AND THE SITUATION RETURNS TO NORMAL--BARRING UNFORESEEN DEVELOPMENTS. OTHER THAN THE TEMPORARY OVER-LOADING OF THE GASOLINE DISTRIBUTION SYSTEM AND SHORTAGES OF BOTTLED GAS, WE HAVE NOT HEARD OF ANY

SERIOUS SHORTAGES OF REFINED PRODUCTS. HOWEVER, PROBLEMS MAY BE DEVELOPING SINCE DELIVERIES OF CRUDE TO DOMESTIC REFINERIES DURING THE PAST FOUR DAYS HAVE ONLY SLIGHTLY EXCEEDED 500,000 B/D, AND NIOC NEEDS TO REFINE ABOUT 800,000 B/D IN ORDER TO MEET LOCAL DEMAND. (AGGREGATE DOMESTIC DEMAND FOR REFINED PRODUCTS IS ABOUT 650,000 B/D, BUT 800,000 B/D MUST BE REFINED IN ORDER TO PRODUCE THE NECESSARY QUANTITIES OF GASOLINE AND MIDDLE DISTILLATES.)

5. IN AN INTERESTING SIDELIGHT TO THE STRIKE, WE HAVE LEARNED THAT ONE OF THE PRINCIPAL DEMANDS OF NIOC CENTRAL OFFICE STAFF, WHO JOINED THE STRIKE ONLY LAST [redacted] SATURDAY, IS THE DISMISSAL OF NIOC MANAGING DIRECTOR ANSARY FOR CORRUPTION. ANSARY LEFT IRAN [redacted] LATE LAST WEEK (ACCOMPANIED OR FOLLOWED BY HIS FAMILY ACCORDING TO SOME UNCONFIRMED REPORTS) AND THERE IS CORRIDOR SPECULATION AT NIOC THAT ANSARY WILL NOT RETURN UNLESS AND UNTIL THE SITUATION STABILIZES.

SULLIVAN

1978 NOV 10 AM 9:58

TELEGRAM

INDICATE COLLECT CHARGE TO 11047

CLASSIFICATION

AMEMBASSY TEHRAN — CONFIDENTIAL

E.O. 11652 TAGS — SUBJECT — ACTION — INFO-3 — AMB — ECM — DOE-2 — PM — LNA — OR — DAO — AGR — CRU — 15

ACTION: SECSTATE WASHDC — IMMEDIATE

FSE 6-1

INFO: AMEMBASSY ABUDHABI
~~AMEMBASSY ALGIERS~~
AMEMBASSY CARACAS
AMEMBASSY DOHA
AMEMBASSY KUWAIT
AMEMBASSY LONDON
AMEMBASSY MANAMA
AMEMBASSY MUSCAT
AMEMBASSY TOKYO
AMCON DHAHRAN
USINT BAGHDAD

CONFIDENTIAL TEHRAN 11047

E.O. 11652: GDS

TAGS: ENRG, ELAB, IR

SUBJ: IRANIAN OIL SECTOR STRIKE

1. PRODUCTION LEVELS ARE UP AGAIN TODAY, FOR THE SECOND DAY IN SUCCESSION. OSCO IS SCHEDULED TO PRODUCE 1,661,000 BARRELS, OF WHICH 459,000 BARRELS WILL BE DELIVERED TO DOMESTIC REFINERIES AND 1,202,000 BARRELS WILL BE AVAILABLE FOR EXPORT AS CRUDE. WE UNDERSTAND THAT THE FOUR OFF-SHORE JOINT VENTURES ARE STILL COMPLETELY SHUT DOWN.

2. ACCORDING TO THE LOCAL CONSORTIUM REPRESENTATIVE, STRIKING PERSONNEL ARE STILL NOT RETURNING TO WORK AND

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E/C:RMBasinger	11-10-78		DCM:CWNaas
F/C:JLMills			

DCM:CWNaas

CONFIDENTIAL
CLASSIFICATION

OPTIONAL FORM 153 (Formerly FS-413) January 1975 Dept. of State

THE GAINS IN PRODUCTION ARE LARGELY A REFLECTION OF THE EFFORTS OF THE IRANIAN NAVY PERSONNEL WHO HAVE BEEN PRESSED INTO SERVICE IN THE FIELDS.

3. HOWEVER, IN A MEETING HELD YESTERDAY, WHICH WAS CHAIRED BY THE NEW PRIME MINISTER, THE GOI DECIDED UPON A ~~STRONG~~ COURSE OF ACTION DESIGNED TO BREAK THE STRIKE. STRIKING OIL FIELD WORKERS ARE BEING TOLD TODAY THAT ~~IF~~ THEY ~~WILL~~ WILL BE FIRED AND EVICTED FROM COMPANY PROVIDED HOUSING IF THEY DO NOT RESUME WORK. THE DEADLINE FOR SHIFT WORKERS IS TOMORROW AFTERNOON (11 NOV.) WHILE ALL OTHERS MUST RETURN TO WORK SUNDAY MORNING OR FACE THE CONSEQUENCES.

4. WE BELIEVE THAT THE VAST MAJORITY OF WORKERS WILL END THEIR STRIKE IF THEY ARE CONVINCED THAT THE GOVERNMENT WILL CARRY OUT ITS THREAT. HOWEVER, EVEN A RELATIVELY SMALL NUMBER OF HIGHLY RADICALIZED WORKERS COULD CREATE SERIOUS PROBLEMS IF THEY ARE NOT EFFECTIVELY ISOLATED FROM OTHER WORKERS AND IF THEY ARE NOT DENIED ACCESS TO OIL FIELD INSTALLATIONS. WE ARE OBVIOUSLY FOLLOWING DEVELOPMENTS CLOSELY AND WE SHOULD HAVE SOME INDICATION TOMORROW OF WHAT THE STRIKERS' RESPONSE WILL BE TO THE NEW ULTIMATUM.

SULLIVAN

OPTIONAL FORM 153A (Formerly FS-413A) January 1975 Dept. of State

1978 NOV 12 AM 9:32

DEPARTMENT OF STATE

TELEGRAM

INDICATE ☐ COLLECT ☐ CHARGE TO

11064

	FROM	CLASSIFICATION
	AMEMBASSY TEHRAN	CONFIDENTIAL

E.O. 11652:
TAGS:
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ACTION:
ECON-5
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POL=2
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ACTION: SECSTATE WASHDC IMMEDIATE

INFO: AMEMBASSY ABU DHABI
AMEMBASSY CARACAS
AMEMBASSY DOHA
AMEMBASSY KUWAIT
AMEMBASSY LONDON
AMEMBASSY MANAMA
AMEMBASSY MUSCAT
AMEMBASSY TOKYO
AMCONSUL DHAHRAN
USINT BAGHDAD

FSE 6-1

CONFIDENTIAL TEHRAN 11064

E.O. 11652: GDS

TAGS: ENRG, ELAB, IR

SUBJ: IRANIAN OIL SECTOR STRIKE

1. OSCO PRODUCTION IS STILL INCREASING SLOWLY AND IS SCHEDULED TO BE 2,115,000 BBLS TODAY (NOV. 12), OF WHICH 464,000 BBLS WILL BE DELIVERED TO DOMESTIC REFINERIES AND 1,651,000 BBLS WILL BE AVAILABLE FOR EXPORT. ALL FOUR JOINT VENTURES ARE STILL COMPLETELY SHUT-DOWN.

2. DESPITE THE EXPIRATION OF THE DEADLINE (LAST NIGHT FOR SHIFT WORKERS AND THIS MORNING FOR ALL OTHERS) WHICH WAS PART OF THE GOI'S ULTIMATUM TO STRIKING OIL FIELD

DRAFTED BY:	DRAFTING DATE	TEL. EXT.	CONTENTS AND CLASSIFICATION APPROVED BY:
/C:RMBash:mlm	11-12-78		DCM:GWNaas

CLEARANCES:
E/C:JLMills

CONFIDENTIAL
CLASSIFICATION

50152-101

OPTIONAL FORM 152(H)
(Formerly FS-413(HI))
January 1975
Dept. of State

WORKERS THERE HAS BEEN NO WIDESPREAD RETURN TO WORK. THE PRODUCTION GAINS NOTED IN PARA 1 ARE STILL LARGELY ATTRIBUTABLE TO THE USE OF NAVY PERSONNEL; BUT THESE GAINS, WELCOME THOUGH THEY ARE, ARE SMALL AND IT WOULD BE MONTHS (AT LEAST) BEFORE SUFFICIENT NUMBERS OF MILITARY PERSONNEL COULD BE TRAINED WELL ENOUGH TO EFFECTIVELY REPLACE ALL STRIKERS.

3. THE SITUATION IN AHWAZ AND THE FIELDS IS REPORTEDLY EXTREMELY TENSE. ACCORDING TO THE LOCAL CONSORTIUM REPRESENTATIVE (WHO OBTAINED THE INFORMATION FROM THE MANAGING DIRECTOR OF OSCO) TWO PEOPLE (APPARENTLY IRANIAN) WERE KILLED IN AHWAZ YESTERDAY BY MARTIAL LAW AUTHORITIES, THERE WAS SHOOTING IN GACHSARAN YESTERDAY (NO INFORMATION AVAILABLE ABOUT POSSIBLE INJURIES OR DEATHS), THE HOME OF AN EXPATRIATE EMPLOYEE (NATIONALITY UNKNOWN) OF OSCO IN AHWAZ WAS RANSACKED YESTERDAY BY A MOB (NO PERSONAL INJURY), PAMPHLETS ARE CIRCULATING WIDELY IN THE SOUTH WHICH PLEDGE TOTAL SUPPORT OF THE ISLAMIC CLERGY FOR THE OIL STRIKE, MORALE OF OSCO EXPATRIATES IS SUFFERING, AND SERIOUS THOUGHT IS BEING GIVEN TO EVACUATION OF THE FAMILIES OF OSCO EXPATRIATES.

4. SINCE THE GOVERNMENT'S THREAT OF DISMISSAL AND EVICTION FROM COMPANY PROVIDED HOUSING DID NOT SUCCEED IN BREAKING THE STRIKE, THE GOI HAS ALREADY BEGUN TAKING STRONGER ACTION. WE ARE RELIABLY INFORMED THAT 170

50152-201

OPTIONAL FORM 153A
(Formerly FS 413A)
January 1975
Dept. of State

OIL FIELD WORKERS HAVE BEEN ARRESTED SINCE YESTERDAY. ACCORDING TO INFORMATION RECEIVED FROM A SENIOR IPAC OFFICIAL ON KHARG ISLAND, 12 OSCO STRIKERS ON KHARG WERE ARRESTED THIS MORNING WHEREUPON 9 EXPRESSED A WILLINGNESS TO RETURN TO WORK. WE HAVE NOT HEARD IF THEY WERE PERMITTED TO GO BACK TO WORK OR NOT. XXXXXXXXX APPARENTLY, THE GOI IS ATTEMPTING TO BREAK THE STRIKE BY ARRESTING AND THEREBY ISOLATING STRIKE LEADERS.

5. IPAC HAS OBTAINED XXXXXXXXXX AUTHORIZATION FROM NIOC TO ISSUE ULTIMATUM TODAY TO ITS STRIKING EMPLOYEES SIMILAR TO THAT WHICH WAS XXX GIVEN TO OSCO STRIKERS. IPAC MANAGEMENT (I.E. AMOCO) IS RELATIVELY OPTIMISTIC THAT THEY CAN BREAK THEIR STRIKE IF THEY ARE ALLOWED TO FIRE PEOPLE AND IF MILITARY AUTHORITIES ARREST AGITATORS. OSCO MANAGEMENT, ON THE OTHER HAND, IS MUCH X LESS OPTIMISTIC AND IS OBVIOUSLY CONCERNED THAT A SERIOUS BLOW-UP COULD OCCUR TODAY.

6. WE ARE CONTINUING TO OBTAIN INFORMATION AND WILL SEND ANOTHER STATUS REPORT LATER TODAY.

SULLIVAN

TELEGRAM

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INDICATE
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☐ CHARGE TO

11067

	FROM	CLASSIFICATION
	AMEMBASSY TEHRAN	CONFIDENTIAL

E.O. 11652:
TAGS:
SUBJECT:
ACTION:
ECON-6
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ACTION: SECSTATE WASHDC IMMEDIATE

INFO: AMEMBASSY ABU DHABI
AMEMBASSY CARACAS
AMEMBASSY DOHA
AMEMBASSY KUWAIT
AMEMBASSY LONDON
AMEMBASSY MANAMA
AMEMBASSY MUSCAT
AMEMBASSY TOKYO
AMCONSUL DHAHRAN
USINT BAGHDAD

CONFIDENTIAL TEHRAN 11067

E.O. 11652: GDS

TAGS: ENRG, ELAB, IR

SUBJ: IRANIAN OIL SECTOR STRIKE

1. THE LABOR SITUATION IN THE SOUTHERN OIL FIELDS HAS IMPROVED SLIGHTLY SINCE THIS MORNING. MORE STRIKERS HAVE RESUMED WORK AND PRESENTLY APPROXIMATELY 50 PER CENT OF THE DAILY RATED EMPLOYEES (LABORERS AND BLUE COLLAR WORKERS) ARE WORKING AND ABOUT 40 PERCENT OF THE IRANIAN STAFF ARE WORKING. NEARLY 100 PERCENT OF THE SENIOR AND SUPERVISORY STAFF ARE WORKING WHILE NEARLY ALL OF THE STAFF WITH LESS THAN 5 YEARS EXPERIENCE (WHICH COMPRISES ABOUT 60 PERCENT OF THE STAFF CORPS)

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ARE STILL ON STRIKE. WE WERE TOLD BY THE LOCAL CONSORTIUM REPRESENTATIVE THAT STRIKERS ARE BEING DISMISSED, AND WE SUSPECT THAT ARRESTS ARE STILL BEING MADE. THE IMPRESSION X GAINED BY THE LOCAL CONSORTIUM REPRESENTATIVE FROM HIS CONVERSATIONS TODAY WITH OSCO MANAGEMENT IS THAT THE SITUATION IS LESS VOLATILE THAN IT WAS THIS MORNING, THAT THERE IS SOME REASON TO HOPE THAT MOST OF THE WORKERS WILL SOON RETURN TO WORK, BUT THAT XX IT IS XX PREMATURE TO MAKE ANY CONFIDENT PREDICTIONS ABOUT WHEN OR HOW THE STRIKE WILL END. OSCO HOPES THAT THE GOI'S CARROT AND STICK APPROACH (SUBSTANTIALLY INCREASED PAY AND BENEFITS FOR WORKERS AND DISMISSAL, EVICTION FROM COMPANY HOUSING, AND POSSIBLE ARREST FOR STRIKERS) WILL SUCCEED IN COAXING MOST OF THE WORKERS BACK.

2. IT IS BECOMING INCREASINGLY EVIDENT THAT THE GOI PLANS TO EXERT AS MUCH PRESSURE AS IT FEELS IS NECESSARY TO BREAK THE STRIKE. IF 90 PERCENT OR MORE OF THE STRIKERS RETURN, THEY, ALONG WITH THE IRANIAN NAVY PERSONNEL AND THE EXPATRIATES, WILL BE ABLE TO BRING PRODUCTION BACK QUICKLY.

3. OSCO IS CONTINUING TO CONSIDER EVACUATION OF EXPATRIATE DEPENDENTS BUT A DECISION DOES NOT APPEAR TO BE IMMINENT.

4. WE ESTIMATE THAT IRAN'S GROSS FOREIGN EXCHANGE

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EARNINGS FROM THE EXPORT OF OIL WILL BE, AS A RESULT OF THE EFFECTS OF THE STRIKE THROUGH MIDNIGHT NOV. 12, NEARLY 900 MILLION DOLLARS LESS THAN THEY WOULD HAVE BEEN IN THE ABSENCE OF LABOR DIFFICULTIES. OUR ESTIMATE ASSUMES THAT IRANIAN CRUDE PRODUCTION WOULD HAVE BEEN 6.3 MILLION B/D DURING THE LAST THREE WEEKS--A REASONABLE ASSUMPTION WE BELIEVE SINCE PRODUCTION AVERAGED 6.1 MILLION B/D DURING THE IRANIAN MONTH ENDED OCT. 22 AND SINCE DEMAND WAS INCREASING. THE LOSS IS ATTRIBUTABLE TO THE STRIKE CAUSED REDUCTION IN PRODUCTION OF 11 MILLION BARRELS BY THE FOUR OFFSHORE JOINT VENTURE PRODUCERS AND 60 MILLION BARRELS BY OSCO, ALL OF WHICH WOULD HAVE BEEN EXPORTED. ADDITIONALLY, EVEN IF THE STRIKE WERE ENDED TODAY, PRODUCTION WOULD NOT REACH THE 6.3 MILLION B/D LEVEL FOR AT LEAST 10 DAYS AND DURING THAT TIME IRAN WOULD INCUR AN ADDITIONAL QTE LOSS UNQTE OF FOREIGN EXCHANGE EARNINGS OF NEARLY 100 MILLION DOLLARS. (SEE TEHRAN 10669).

5. ALTHOUGH THE IMMEDIATE AND MOST SERIOUS PROBLEM CAUSED BY THE OIL SECTOR STRIKE IS THE HUGE LOSS IN REVENUE, THERE ARE LIKELY TO BE OTHER NEGATIVE IMPACTS. FOR EXAMPLE, WE SUSPECT THAT NIOC WILL FIND IT MORE DIFFICULT TO MARKET ITS CRUDE DIRECTLY. ALTHOUGH NIOC HAS SUCCEEDED VERY WELL DURING THE PAST 2-3 YEARS IN PROGRESSIVELY MARKETING MORE AND MORE OF ITS CRUDE XX

OPTIONAL FORM 183A
(Formerly FS-413A)
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DIRECTLY (IN EFFECT AT THE EXPENSE OF THE CONSORTIUM TRADING COMPANIES) THERE HAS BEEN BUYER RESISTANCE. PART OF THAT RESISTANCE HAS ALWAYS BEEN RELATED TO THE WIDESPREAD BELIEF THAT IT WAS QTE SAFER UNQTE TO BUY FROM A MULTINATIONAL OIL COMPANY WHICH HAS ACCESS TO VARIOUS CRUDE STREAMS. SUCH A CONSIDERATION WILL PROBABLY ASSUME MORE IMPORTANCE IN THE FUTURE, AND NIOC WILL FIND IT DIFFICULT TO EFFECTIVELY REBUT. NIOC COULD PERHAPS HAVE ATTEMPTED TO USE ITS GOOD OFFICES WITH SOME OF ITS OPEC COLLEAGUES IN ORDER TO OBTAIN FOR NIOC CUSTOMERS PREFERENTIAL ACCESS TO CRUDE LIFTINGS FROM SAUDI ARABIA, KUWAIT, ETC. HOWEVER, WE HAVE NO INFORMATION WHICH WOULD SUGGEST THAT IRAN HAS BEEN IN CONTACT WITH OTHER OIL PRODUCERS REGARDING THE PROBLEMS CAUSED BY THE IRANIAN STRIKE, AND IT IS OUR DISTINCT IMPRESSION THAT NIOC CUSTOMERS ARE QTE ON THEIR OWN UNQTE IN REGARD TO FINDING CRUDE TO REPLACE THAT LOST FROM IRAN. NIOC PROBABLY EXPECTS THAT THE MILITARY WILL SUCCEED IN BREAKING THE OIL STRIKE QUICKLY AND THAT ITS CUSTOMERS WILL NOT ATTEMPT TO SIGN UP LONG-TERM CONTRACTS ELSEWHERE. THAT MAY BE AN OVERLY SANGUINE VIEW AND, IF SO, NIOC MAY BE PUSHING BARTER AND PARALLEL PURCHASE AGREEMENTS WITH GREAT VIGOR NEXT YEAR.

SULLIVAN

OPTIONAL FORM 153A
(Formerly FS-413A)
January 1975
Dept. of State

1978 NOV 14 AM 11: 48

TELEGRAM

INDICATE
☐ COLLECT
☐ CHARGE TO
11141

FROM	CLASSIFICATION
AMEMBASSY TEHRAN	CONFIDENTIAL

E.O. 11652:
TAGS:
SUBJECT:
ACTION:
ECON
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ACTION: SECSTATE WASHDC IMMEDIATE

INFO: AMEMBASSY ABU DHABI
AMEMBASSY CARACAS
AMEMBASSY DOHA
AMEMBASSY KUWAIT
AMEMBASSY LONDON
AMEMBASSY MANAMA
AMEMBASSY MUSCAT
AMEMBASSY TOKYO
AMCONSUL DHAHRAN
USINT BAGHDAD

FSE 6-1

CONFIDENTIAL TEHRAN 11141

E.O. 11652: GDS

TAGS: ENRG, ELAB, IR

SUBJECT: IRANIAN OIL SECTOR STRIKE

1. THE OUTLOOK FOR THE OIL SECTOR TODAY IS MUCH AS IT WAS YESTERDAY -- CONTINUED PROGRESS BUT TENSIONS ARE STILL HIGH, ESPECIALLY IN AHWAZ AND THE KHUZESTAN FIELDS.

2. OSCO IS SCHEDULED TO PRODUCE 2,968,000 BBLS TODAY, OF WHICH 525,000 BBLS WILL BE DELIVERED TO DOMESTIC REFINERIES AND 2,443,000 BBLS WILL BE AVAILABLE FOR EXPORT. ACCORDING TO OUR INFORMATION, APPROXIMATELY 70 PERCENT (PERHAPS SOMEWHAT MORE) OF OSCO'S IRANIAN STAFF AND DAILY RATED

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E/C:RMBash:bks	11/14/78	1129	DCM:CWNaas

CLEARANCES

50153-101

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(Formerly FS-4131
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EMPLOYEES HAVE RESUMED WORK AND MORE ARE STILL RETURNING. THE ONLY IMPORTANT PROBLEMS ARE AT MARUN AND AGHA JARI FIELDS WHERE PRODUCTION IS STILL LIMITED BY THE SHORTAGE OF WORKERS. OSCO PLANS ON BRINGING ONE NGL PLANT (OF SIX) BACK ON STREAM TODAY.

3. LAPCO STARTED BRINGING ITS SASSAN FIELD BACK INTO PRODUCTION LATE YESTERDAY AFTERNOON, NOVEMBER 13, AND BY MIDNIGHT PRODUCTION WAS UP TO A RATE OF 205,000 B/D. ALL LAPCO STRIKERS HAVE RESUMED WORK.

4. IMINOCO STARTED PRODUCTION LATE YESTERDAY AFTERNOON AND WE UNDERSTAND THAT THEY ARE NOW PRODUCING AT A RATE OF 45-50,000 B/D. APPARENTLY, ALL STRIKERS HAVE RETURNED TO WORK.

5. ACCORDING TO A KNOWLEDGEABLE NIOC SOURCE, SIRIP WAS SUPPOSED TO HAVE RESUMED PRODUCTION AT 0700 THIS MORNING. WE HAVE NOT YET GOTTEN AUTHORATIVE CONFIRMATION, BUT WE ASSUME THAT SIRIP WILL BE PRODUCING 45-50,000 B/D BY THIS EVENING.

6. IPAC BEGAN BRINGING ITS DARIUS FIELD BACK INTO PRODUCTION YESTERDAY AFTERNOON BUT PROGRESS HAS BEEN SLOW. IPAC PERSONNEL ON KHARG ISLAND HAVE RESUMED WORK BUT MOST OF THE PERSONNEL ON IPAC'S OFFSHORE PRODUCTION AND FACILITIES PLATFORMS ARE STILL REFUSING TO END THEIR STRIKE, APPARENTLY, THE OFFSHORE

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PERSONNEL EITHER HAVE NOT HEARD OR DO NOT BELIEVE THAT THE BULK OF THEIR COLLEAGUES HAVE RESUMED WORK.

7. TOTAL IRANIAN PRODUCTION TODAY SHOULD BE 3.3 MILLION BBLS., 2.8 MILLION BBLS OF WHICH WILL BE AVAILABLE FOR EXPORT.

8. WE HAVE BEEN INFORMED BY THE PUBLIC RELATIONS DIRECTOR OF NIOC THAT THE "STRIKERS COMMITTEE" AT ABADAN REFINERY HAS ISSUED A DECLARATION THAT THEY ARE ENDING THEIR STRIKE SINCE THE SHAH HAS PROMISED TO MEET THEIR POLITICAL DEMANDS. APPARENTLY THE ABADAN REFINERY STAFF HAVE FORGOTTEN THEIR CALLS FOR ABROGATION OF ALL OIL AGREEMENTS AND THE DISMISSAL OF ALL FOREIGNERS IN THE OIL INDUSTRY AND ARE BANKING ON THE FUTURE RELEASE OF ALL POLITICAL PRISONERS AND THE ESTABLISHMENT OF A GOVERNMENT SUBSTANTIALLY INDEPENDENT OF THE SHAH.

9. THE PROGRESS OF THE LAST 2-3 DAYS IS MOST WELCOME AND OPTIMISM IS GROWING. HOWEVER, SIGNIFICANT NUMBERS [redacted] OF OSCO EMPLOYEES ARE STILL NOT WORKING AND THEY MAY BE BECOMING INCREASINGLY FRUSTRATED OVER THE PRESENT TREND.

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TELEGRAM

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11214

FROM	CLASSIFICATION
AMEMBASSY TEHRAN	CONFIDENTIAL

O. 11652:
TAGS:
SUBJECT:

ACTION: SECSTATE WASHDC IMMEDIATE

INFO: AMEMBASSY ABU DHABI
AMEMBASSY CARACAS
AMEMBASSY DOHA
AMEMBASSY KUWAIT
AMEMBASSY LONDON
AMEMBASSY MANAMA
AMEMBASSY MUSCAT
AMEMBASSY TOKYO
AMCONSUL DHAHRAN
USINT BAGHDAD

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FSE 6-1

SUBJ: ?

11214

CONFIDENTIAL TEHRAN

E.O. 11652: GDS

TAGS: ENRG, ELAB, IR

1. AFTER SIX SUCCESSIVE DAYS OF IMPROVEMENT, IRANIAN OIL PRODUCTION WILL FALL SLIGHTLY TODAY -- FROM 3.3 MILLION BBLS PRODUCED NOVEMBER 14 TO 3.2 MILLION BBLS. TODAY.

2. FARS NEWS AGENCY AND APPARENTLY SOME WIRE SERVICES ARE REPORTING THAT OIL SECTOR STRIKE IS OVER. WE ARE NOT CERTAIN WHETHER THIS NEWS IS THE RESULT OF CONFUSION OVER THE ANNOUNCEMENT YESTERDAY BY ABADAN REFINERY WORKERS THAT THEY HAD ENDED THEIR STRIKE OR WHETHER NIOC HAS ADOPTED A POLICY OF DISINFORMATION. IN ANY CASE, SIGNIFICANT NUMBERS OF

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C:RMBash:nbt	11/15/78	1120	DCM:CWNaas
CLEARANCES			
C:JLMills			

CONFIDENTIAL
CLASSIFICATION

OPTIONAL FORM 152(H)
(Formerly FS 413(H))
January 1975
Dept. of State

50152 101

OIL FIELD WORKERS OF IPAC AND OSCO ARE STILL NOT WORKING. THE STRIKES, AS WE REPORTED YESTERDAY, AGAINST LAPCO, SIRIP AND IMINOCO HAVE ENDED, AT LEAST TEMPORARILY. THE STRIKES BY NIOC REFINERY PERSONNEL SEEM TO HAVE BEEN RESOLVED AND THROUGH-PUT IS EXPECTED TO BE UP SUBSTANTIALLY TODAY. THERE ARE, HOWEVER, MANY DISGRUNTLED EMPLOYEES AT NIOC'S CENTRAL OFFICE WHO ARE DOING LITTLE, IF ANY, WORK.

3. OSCO IS SCHEDULED TO PRODUCE 2,912,000 BBLS TODAY, OF WHICH 620,000 WILL BE DELIVERED TO DOMESTIC REFINERIES AND 2,292,000 WILL BE AVAILABLE FOR EXPORT. WE UNDERSTAND THAT DISMISSALS, EVICTIONS FROM COMPANY HOUSING AND INFREQUENT ARRESTS OF OSCO STRIKERS ARE CONTINUING. THE DECLINE IN OSCO'S PRODUCTION (FROM 3.0 TO 2.9 MILLION BBLS) IS CAUSED BY THE SHUT-DOWN OF ONE PRODUCTION UNIT WHICH WAS NECESSITATED BY THE SHORTAGE OF PERSONNEL. THERE HAS NOT BEEN ANY DETERIORATION IN THE LABOR SITUATION FOR OSCO BUT THE IMPROVEMENT WAS NOT AS RAPID AS HAD BEEN EXPECTED AND THEY FOUND THEMSELVES STRETCHED TOO THIN.

4. OSCO STAFF, BOTH EXPATRIATE AND THE IRANIANS WHO ARE WORKING, ARE CONTINUING TO RECEIVE THREATS. WE HAVE HEARD OF NO SERIOUS INCIDENTS SINCE THE FIRE BOMB ATTACK TWO DAYS AGO AGAINST THE CAR IN WHICH OSCO'S MANAGING

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DIRECTOR WAS RIDING. HOWEVER, TENSIONS ARE STILL VERY HIGH. IN AN ATTEMPT TO PREVENT FURTHER ATTACKS ON OSCO PERSONNEL AND THEIR HOMES, THE MARTIAL LAW AUTHORITIES HAVE MOVED FORCES INTO AND HAVE ESTABLISHED MILITARY COMMAND POSTS IN OSCO RESIDENTIAL AREAS.

5. THE SITUATION WITH IPAC IS UNCHANGED FROM YESTERDAY. PRODUCTION IS NO MORE THAN A TRICKLE AND THE OFFSHORE PERSONNEL ARE STILL REFUSING TO GO TO WORK. AMOCO OFFICIALS BELIEVE THAT MILITARY FORCES MAY HAVE TO FLY TO AT LEAST SOME OF IPAC's OFFSHORE PLATFORMS AND BEGIN ARRESTING STRIKE LEADERS IN ORDER TO BREAK THE STAND-OFF.

6. TOTAL CRUDE PRODUCTION TODAY WILL BE 3.2 MILLION BBLS: OSCO - 2.9; LAPCO - 0.2; AND SIRIP AND IMINOCO COMBINED - 0.1. CRUDE AVAILABLE FOR EXPORT WILL BE 2.6 MILLION BBLS.

SULLIVAN

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(Formerly FS 413(H)a)
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11301

TELEGRAM

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INDICATE CHARGE TO

FSE 6-1

FROM: AMEMBASSY TEHRAN
CLASSIFICATION: CONFIDENTIAL

E.O. 11652:
TAGS:
SUBJECT:
ACTION:

ACTION: SECSTATE WASHDC IMMEDIATE

INFO: AMEMBASSY ABU DHABI
AMEMBASSY CARACAS
AMEMBASSY DOHA
AMEMBASSY KUWAIT
AMEMBASSY LONDON
AMEMBASSY MANAMA
AMEMBASSY MUSCAT
AMEMBASSY TOKYO
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CONFIDENTIAL TEHRAN 11301

E.O. 11652: GDS
TAGS: ENRG, ELAB, IR
SUBJ: IRANIAN OIL SECTOR STRIKE

1. TOTAL IRANIAN PRODUCTION INCREASED AGAIN TODAY, NOV 18, AND IS SCHEDULED TO BE 3.67 MILLION BARRELS. OF WHICH 3.0 MILLION BARRELS WILL BE AVAILABLE FOR EXPORT AS CRUDE. THE NUMBERS SUGGEST GOOD PROGRESS, BUT THE SITUATION IS STILL VERY VOLATILE.

2. THE LEVEL OF TENSION IN AHWAZ WAS HEIGHTENED LAST NIGHT WHEN A MOLOTOV COCKTAIL WAS THROWN AGAINST THE HOME OF THE IRANIAN MANAGER OF FIELD OPERATIONS FOR OSCO. THERE WERE NO INJURIES. THE LOCAL CONSORTIUM REPRESENTATIVE TOLD US THAT MANY OSCO PERSONNEL ARE VERY NERVOUS, THAT THE MILITARY

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E/C:RNBash/bjh	11/18		DCM:CWNaas

CLEARANCES
E/C:JLMills(draft)

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(Formerly FS 413(H))
January 1975
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PRESENCE IN OSCO RESIDENTIAL AREAS IS INSUFFICIENT TO AFFORD GOOD PROTECTION, AND THAT THERE IS A REAL POSSIBILITY THAT SIGNIFICANT NUMBERS OF ESSENTIAL EXPATRIATE PERSONNEL MIGHT LEAVE IF THE SITUATION WORSENS.

3. ANOTHER SIGN THAT THINGS ARE NOT GOING AS WELL AS THEY MIGHT IS THAT SOME OF THE LEADERS OF THE PREVIOUSLY RESOLVED (FOR THE SECOND TIME) STRIKE AGAINST LAPCO ARE THREATENING TO RESUME THE STRIKE. THE RELATIVELY SMALL GROUP OF RADICALIZED AND VERY VOCAL LAPCO WORKERS, WHO HAVE TWICE ALREADY DEMONSTRATED THEIR ABILITY TO INFLUENCE OR COERCE THEIR COLLEAGUES, ARE QUESTIONING WHETHER THEIR DECISION TO RESUME WORK WAS THE RIGHT ONE SINCE THE IPAC AND OSCO STRIKES CONTINUE.

4. IPAC'S OFFSHORE PERSONNEL STILL REFUSE TO WORK AND, CONSEQUENTLY, PRODUCTION IS LIMITED TO ABOUT 30,000 B/D FROM DARIUS FIELD. IPAC MANAGEMENT IS WAITING FOR THE MILITARY TO INTERVENE AND TO BEGIN ARRESTING STRIKE LEADERS ON THE OFFSHORE PLATFORMS.

5. OSCO IS SCHEDULED TO PRODUCE 3,345,000 BBLS TODAY, OF WHICH 667,000 BBLS WILL BE DELIVERED TO DOMESTIC REFINERIES AND 2,678,000 BBLS WILL BE AVAILABLE FOR EXPORT. LAPCO IS PRODUCING 215-220,000 B/D; SIRIP AND IMINOCO TOGETHER ARE PRODUCING ABOUT 90,000 B/D; and NIOC'S NAFTE SHAH FIELD IS PRODUCING ABOUT 15,000 B/D. (COMMENT: IT IS NOT PARTICULARLY IMPORTANT, BUT WE HAVE LEARNED THAT NIOC WAS NEVER

FORCED TO SUSPEND PRODUCTION FROM NAFTE SHAH AND THAT IT HAS BEEN PRODUCING AT NORMAL RATES THROUGHOUT THE STRIKE.)

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1978 NOV 19 PM 1:26

TELEGRAM

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FROM	CLASSIFICATION
AMEMBASSY TEHRAN	CONFIDENTIAL

E.O. 11652:
TAGS:
SUBJECT:
ACTION:

ACTION: SECSTATE WASHDC IMMEDIATE

INFO: AMEMBASSY ABU DHABI
AMEMBASSY CARACAS
AMEMBASSY DOHA
AMEMBASSY KUWAIT
AMEMBASSY LONDON
AMEMBASSY MANAMA
AMEMBASSY MOSCOW
AMEMBASSY MUSCAT
AMEMBASSY TOKYO
AMCONSUL DHAHRAN
USINT BAGHDAD

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CONFIDENTIAL TEHRAN 11341

E.O. 11652: GDS

TAGS: ENRG, ELAB, IR

SUBJECT: IRANIAN OIL SECTOR STRIKE

1. IRANIAN CRUDE PRODUCTION IS STILL SLOWLY INCREASING AND TODAY, NOVEMBER 19, PRODUCTION IS SCHEDULED TO BE 3.8 MILLION BBLS., OF WHICH 3.1 MILLION BBLS. WILL BE AVAILABLE FOR EXPORT.

2. OSCO WILL PRODUCE 3,452,000 BBLS., OF WHICH 657,000 BBLS. WILL BE DELIVERED TO DOMESTIC REFINERIES AND 2,795,000 BBLS. WILL BE EXPORTED AS CRUDE. FURTHER GAINS (200-300,000 BBLS.) ARE EXPECTED TOMORROW. LAPCO,

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E/C:RMBash:dd	11/19/78	1129	DCM:CWNaas

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CLASSIFICATION

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SIRIP, IMINOCO AND NIOC CONTINUE TO PRODUCE SLIGHTLY IN EXCESS OF 300,000 B/D.

3. IPAC'S OFFSHORE PERSONNEL ARE STILL ON STRIKE AND PRODUCTION IS LIMITED TO THOSE WELLS ON DARIUS FIELD WHICH HAVE FLOW LINES DIRECTLY FROM THE WELLS TO KHARG ISLAND. TODAY IS CREW CHANGE DAY, HOWEVER, AND IPAC MANAGEMENT, BACKED UP BY IRANIAN NAVY PERSONNEL, ARE SCREENING THE NEW CREW OF IPAC EMPLOYEES GOING OFFSHORE IN AN ATTEMPT TO WEED OUT THOSE WHO WILL NOT WORK.

4. ON NOVEMBER 18, OSCO STARTED UP NGL (NATURAL GAS LIQUIDS) PLANT 600 AND THERE ARE PLANS TO BRING ANOTHER NGL PLANT ON STREAM BY TOMORROW. NIGC HAS RESOLVED ITS LABOR PROBLEMS AND ITS BID BOLAND GAS TREATMENT PLANT IS REPORTEDLY ABLE TO PROCESS ALL GAS DELIVERED FROM THE NGL UNITS. YESTERDAY, FOR THE FIRST TIME IN OVER TWO WEEKS, GAS WAS PUT INTO IGAT-I AT ITS SOUTHERN TERMINUS AT BID BOLAND. IF OSCO CONTINUES TO RE-COMMISSION NGL PLANTS AND THERE ARE NO PROBLEMS AT BID BOLAND, NIGC SHOULD BE ABLE TO RESUME AT LEAST SOME DELIVERIES OF GAS TO INDUSTRIAL AND COMMERCIAL CUSTOMERS WITHIN THE NEXT FEW DAYS. IT IS STILL TOO EARLY TO EVEN SPECULATE ON WHEN EXPORTS TO THE USSR MIGHT RESUME.

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5. IN A RELATED DEVELOPMENT MOST OF THE IRANIAN STAFF OF KHARG CHEMICAL COMPANY (50 PERCENT NPC, 50 PERCENT AMOCO) WALKED OUT THIS ~~MORNIENX~~ MORNING. THE PLANT IS STILL BEING OPERATED AT REDUCED LEVELS BY SUPERVISORY ~~SNREKVISING~~ IRANIAN AND EXPATRIATE STAFF. HOWEVER, AMOCO MAY PURPOSELY ALLOW THE PLANT TO CLOSE DOWN SO AS TO DRAW ATTENTION TO THE LOSING BATTLE THAT THEY FEEL THEY HAVE BEEN WAGING. THE SHUT DOWN OF KHARG CHEMICAL WOULD BE IMMEDIATELY NOTICED SINCE IT WOULD CUT THE SUPPLY OF FUEL GAS FOR ALL OF KHARG ISLAND AND WOULD, INTER ALIA, STOP THE TWO MAJOR GAS-FIRED DESALTING UNITS WHICH PROVIDE ALMOST ALL OF KHARG'S POTABLE WATER.

6. RUMORS ABOUND IN TEHRAN ABOUT THE RESIGNATION OF HUSHANG ANSARY AS MANAGING DIRECTOR AND CHAIRMAN OF THE BOARD OF NIOC AND HIS REPLACEMENT BY FORMER PRIME MINISTER SHARIF-EMAMI OR A GENERAL. OUR SOURCES DENY THE RUMORS BUT THEY DO AGREE THAT THE CHANCES ARE VERY REMOTE THAT ANSARY WILL RETURN TO RUN NIOC.

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TELEGRAM

INDICATE COLLECT CHARGE TO

FROM	CLASSIFICATION
AMEMBASSY TEHRAN	CONFIDENTIAL

O: 11652:
TAGS:
SUBJECT:
ACTION:

FSE 6-1

ACTION: SECSTATE WASHDC IMMEDIATE

INFO: AMEMBASSY ABU DHABI
AMEMBASSY CARACAS
AMEMBASSY DOHA
AMEMBASSY KUWAIT
AMEMBASSY LONDON
AMEMBASSY MANAMA
AMEMBASSY MUSCAT
AMEMBASSY TOKYO
AMCONSUL DHAHRAN
USINT BAGHDAD

CONFIDENTIAL TEHRAN 11369

E.O. 11652: GDS

TAGS: ~~ENRG~~ ENRG, ELAB, IR

SUBJECT: IRANIAN OIL SECTOR STRIKE

1. WITH THE EXCEPTION OF THE CONTINUING STRIKE AGAINST IPAC, THE SITUATION IN IRANIAN OIL FIELDS MAY BE SLOWLY RETURNING TO NORMAL. TOTAL PRODUCTION TODAY, NOVEMBER 20, IS SCHEDULED TO BE 4.1 MILLION BBLS, OF WHICH 3.46 MILLION BBLS WILL BE AVAILABLE FOR EXPORT AS CRUDE.

2. OSCO IS SCHEDULED TO PRODUCE 3,743,000 BBLS, OF WHICH 632,000 WILL BE DELIVERED TO DOMESTIC REFINERIES AND 3,102,000 WILL BE EXPORTED. OSCO EXPECTS TO PRODUCE 4.0 MILLION

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OPTIONAL FORM 1624
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BBLS TOMORROW AND HOPES TO REACH 5.5-5.6 MILLION B/D IN TEN DAYS. ACCORDING TO THE LOCAL CONSORTIUM REPRESENTATIVE THE LEVEL OF TENSION IN AHWAZ AND THE KHUZESTAN FIELDS IS REDUCED AND OSCO MANAGEMENT IS MORE OPTIMISTIC THAN THEY HAVE BEEN IN WEEKS.

3. OTHER EMBASSY SOURCES, HOWEVER, MAINTAIN THAT THE SITUATION IS STILL BAD AND COULD EASILY AND QUICKLY DETERIORATE. WE WERE TOLD TODAY THAT MARTIAL LAW AUTHORITIES ARE CONTINUING [redacted] TO ARREST OSCO STRIKERS; AND THAT SOME STRIKERS WHO HAVE NOT BEEN SHOWING UP AT THEIR JOB SITES HAVE BEEN ARRESTED IN THEIR HOMES AT NIGHT.

4. THE IRANIAN NAVY DID NOT TAKE AN ACTIVE ROLE VIS-A-VIS IPAC'S STRIKING OFFSHORE WORKERS YESTERDAY AS HAD BEEN EXPECTED, AND THE NEW CREWS WHICH WENT OFFSHORE ARE NOT WORKING. IPAC'S PRODUCTION IS UP TO 45-50,000 B/D FROM DARIUS FIELD. THE SITUATION AT KHARG [redacted] CHEMICAL COMPANY IS UNCHANGED -- THE STRIKE CONTINUES BUT A SKELETON CREW IS CONTINUING TO PROCESS ENOUGH GAS TO PROVIDE FUEL FOR KHARG ISLAND.

5. THE OTHER PRODUCERS (LAPCO, SIRIP, IMINOCO AND NIOC) CONTINUE TO PRODUCE ABOUT 325,000 B/D. FOR THE PAST TWO DAYS THERE HAVE BEEN NO REPETITIONS OF THE THREATS BY LAPCO WORKERS TO RESUME THEIR STRIKE. SULLIVAN

TELEGRAM

1978 NOV 21 PM 12:53 Flash

INDICATE CORRECT CHARGE TO 11424

	FROM	CLASSIFICATION
	AMEMBASSY TEHRAN	CONFIDENTIAL

E.O. 11652:
TAGS:
SUBJECT:
ACTION:

ECON→
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ACTION: SECSTATE WASHDC IMMEDIATE

INFO: AMEMBASSY ABU DHABI
AMEMBASSY CARACAS
AMEMBASSY DOHA
AMEMBASSY KUWAIT
AMEMBASSY LONDON
AMEMBASSY MANAMA
AMEMBASSY MUSCAT
AMEMBASSY TOKYO
AMCONSUL DHAHRAN
USINT BAGHDAD

FSE 6-1

CONFIDENTIAL TEHRAN 11424

E.O. 11652: GDS

TAGS: ENRG, ELAB, IR

SUBJECT: IRANIAN OIL SECTOR STRIKE

1. OIL PRODUCTION IN IRAN TO RISE AS OSCO'S LABOR SITUATION CONTINUED GRADUALLY TO IMPROVE. PRODUCTION TODAY, NOVEMBER 21, IS EXPECTED TO TOTAL ABOUT 4.3 MILLION BBLS, OF WHICH 3.66 MILLION BBLS WILL BE AVAILABLE FOR EXPORT AS CRUDE.

2. OSCO IS SCHEDULED TO PRODUCE 3,968,000 BBLS, OF WHICH 682,000 WILL BE DELIVERED TO DOMESTIC REFINERIES AND 3,286,000 EXPORTED. ABOUT 80 PERCENT OF OSCO WORKERS ARE ON THE JOB. SOME WORKERS ARE THREATENING TO LEAVE IF THEIR COLLEAGUES UNDER

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E/C:JLMills:rbt	11/21/78	1120	E/C:JLMills

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ARREST ARE NOT RELEASED. THE GOI IS REPORTED TO BE CONSIDERING THE RELEASE OF SOME WORKERS DETAINED WHO APPEAR TO BE WILLING TO RETURN TO WORK.

3. IPAC DAILY PRODUCTION IS STILL LIMITED TO ABOUT 45,000 BBLS FROM THE DARIUS FIELD. NAVAL PERSONNEL HAVE OCCUPIED THREE OFFSHORE PLATFORMS AND HAVE GIVEN STRIKERS UNTIL 1600 HOURS NOVEMBER 21 TO RETURN TO WORK.

4. OTHER PRODUCERS CONTINUE TO PRODUCE ABOUT 325,000 B/D.

SULLIVAN

1978 NOV 22 PM 1304

TELEGRAM

INDICATE
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1149?

FROM	CLASSIFICATION
AMEMBASSY TEHRAN	CONFIDENTIAL

O. 11652:
TAGS:
SUBJECT:

ACTION:

CON-5
MB
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ACTION: SECSTATE WASHDC IMMEDIATE

INFO: AMEMBASSY ABU DHABI
AMEMBASSY CARACAS
AMEMBASSY DOHA
AMEMBASSY KUWAIT
AMEMBASSY LONDON
AMEMBASSY MANAMA
AMEMBASSY MUSCAT
AMEMBASSY TOKYO
AMCONSUL DHAHRAN
USINT BAGHDAD

FSE-6-1

CONFIDENTIAL TEHRAN 1149?

E.O. 11652: GDS

TAGS: ENRG, ELAB, IR

SUBJECT: IRANIAN OIL SECTOR STRIKE

1. OIL PRODUCTION IN IRAN INCREASED ON NOVEMBER 22 NEARLY ONE MILLION BBLS. AS THE LABOR SITUATION IN THE OIL FIELDS IMPROVED MARKEDLY. PRODUCTION IS EXPECTED TO TOTAL ABOUT 5.2 MILLION BBLS., OF WHICH 4.5 MILLION BBLS. WILL BE AVAILABLE FOR EXPORT.

2. OSCO IS SCHEDULED TO PRODUCE 4,682,000 BBLS., OF WHICH 707,000 BBLS. WILL BE DELIVERED TO DOMESTIC REFINERIES. A FURTHER SUBSTANTIAL INCREASE IS ANTICIPATED TOMORROW, WHICH WILL BRING OSCO PRODUCTION TO NEAR NORMAL LEVELS. DETAILS ARE NOT

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/C:JLMills:nb	11/22/78	1120	DCM:CWNaas

CLEARANCES:

AVAILABLE, BUT EMBASSY ASSUMES THAT THE SIGNIFICANT PRODUCTION INCREASE REGISTERED MEANS THAT THE STRIKE AGAINST OSCO HAS EFFECTIVELY BEEN RESOLVED, AT LEAST FOR THE MOMENT.

3. IPAC WORKERS ALSO RETURNED TO THE JOB ON NOVEMBER 22. IPAC PRODUCTION (ABOUT 200,000 BBLS. ON NOVEMBER 22) IS EXPECTED TO BE FULLY RESTORED BY NOVEMBER 23 TO ITS NORMAL LEVEL OF MORE THAN 400,000 BBLS. AFTER SOME HESITATION, IPAC WORKERS WERE APPARENTLY PERSUADED BY NAVAL OFFICERS IN CHARGE THAT THEIR DEMANDS FOR INCREASED PAY AND OTHER BENEFITS WILL BE SUBSTANTIALLY MET.

4. IF PRODUCTION INCREASES PREDICTED FOR NOVEMBER 23 ARE REALIZED AS ANTICIPATED, IRAN'S OIL OUTPUT WILL HAVE BEEN VIRTUALLY FULLY RESTORED, EXCEPT IN A FEW AREAS WHERE COMPLEX PROCEDURES MAY BE INVOLVED. A TENTATIVE LABOR TRUCE APPEARS TO HAVE BEEN ACHIEVED, AT THE COST OF MAJOR ECONOMIC CONCESSIONS PROMISED.

SULLIVAN

OPTIONAL FORM 152a(H)
(Formerly FS-413(H)a)
January 1975
Dept. of State

11701

1978 NOV 29 PM 1:0

TELEGRAM

INDICATE COLLECT CHARGES

FROM: AMEMBASSY TEHRAN
CLASSIFICATION: CONFIDENTIAL

11652:
TAGS:
SUBJECT:

ACTION:

ACTION: SECSTATE WASHDC IMMEDIATE

INFO: AMEMBASSY ABU DHABI
AMEMBASSY CARACAS
AMEMBASSY DOHA
AMEMBASSY KUWAIT
AMEMBASSY LONDON
AMCON DHAHRAN
USINT BAGHDAD

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CONFIDENTIAL TEHRAN 11701

E.O. 11652: GDS

TAGS: ENRG, ELAB, IR

SUBJECT: PETROLEUM SECTOR SITUATION REPORT

REF: TEHRAN 11654

1. AS ANTICIPATED IN OUR LAST REPORT TWO DAYS AGO, PROD[illegible] IS SLOWLY INCREASING AND TODAY, NOVEMBER 29, WILL BE 5.9 MILLION BARRELS, OF WHICH 5.2 MILLION BARRELS WILL BE AVAILABLE FOR EXPORT. OSCO WILL PRODUCE 5.2 XX MILLION BARRELS; IPAC IS PRODUCING AT A RATE OF 375,000 B/D AND EXPECTS TO ADD ANOTHER 50,000 B/D TOMORROW; AND THE OTHER PRODUCERS (LAPCO, SIRIP, IMINOCO, SOFIRAN, AND NIOC) ARE PRODUCING AT CAPACITY AND COLLECTIVELY ACCOUNT FOR ABOUT 525,000 B/D.

DRAFTED BY: [illegible] | DATE/TIME: 11/29/78 1129 | EXT: [illegible]

[illegible]

FSE 6-1

2. ALTHOUGH PRODUCTION AND EXPORTS ARE GOING WELL NIOC CONTINUES TO HAVE SERIOUS PROBLEMS. THE REFINERIES IN ABADAN, KERMANSHAH AND TABRIZ ARE OPERATING NORMALLY AND THE FIRST TRAIN OF THE NEW ISFAHAN REFINERY HAS BEEN COMMISSIONED AND IS WORKING. HOWEVER, THE SHIRAZ REFINERY IS STILL CLOSED AND THROUGH-PUT OF THE TEHRAN REFINERY IS ONLY 100-115,000 B/D (CAPACITY OF 225,000 B/D) BECAUSE THERE ARE NOT ENOUGH WORKERS TO OPERATE BOTH TRAINS. MOREOVER, NIOC IS CONCERNED THAT THE RECENT VIOLENT CONFRONTATIONS AT THE NIOC MAIN OFFICE IN TEHRAN (REFTEL) MAY CAUSE ADDITIONAL REFINERY WORKERS TO QUIT WORK WHICH WOULD, IN TURN, FURTHER REDUCE OR EVEN STOP REFINING IN THE CRITICAL TEHRAN REFINERY.

3. UNTIL NOW, NIOC HAS BEEN ABLE TO MEET DEMAND FOR REFINED PRODUCTS IN TEHRAN, EVEN THOUGH PRODUCTION AT THE TEHRAN REFINERY HAS BEEN SEVERELY CURTAILED FOR A MONTH, BY DRAWING ON STOCKS AT THE REFINERY AND BY MOVING PRODUCTS FROM ABADAN TO TEHRAN THROUGH A PRODUCT PIPELINE. HOWEVER, STOCKS ARE UNDOUBTEDLY LOW AND ON NOVEMBER 27 200 NIOC WORKERS ON THE ABADAN-TEHRAN PRODUCT PIPELINE WENT ON STRIKE. THROUGH-PUT OF THE PRODUCT LINE HAS BEEN REDUCED AND OPERATIONS ARE BEING MAINTAINED BY ONLY A HANDFUL OF SUPERVISORY PERSONNEL. THE SITUATION COULD EASILY WORSEN AND NIOC AND THE GOI ARE EXTREMELY CONCERNED OVER THE POSSIBILITY OF A

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SHUT-DOWN OF THE LINE.

4. ONE SOURCE OF POSSIBLE RELIEF IS TO INCREASE THROUGHPUT OF THE TEHRAN REFINERY AND NIOC IS BRINGING REFINERY OPERATING STAFF TO TEHRAN FROM ABADAN IN AN ATTEMPT TO ACCOMPLISH THIS--READERS WILL RECALL THAT WORKERS WERE SENT FROM TEHRAN TO ABADAN SEVERAL WEEKS AGO WHEN THE ABADAN REFINERY WAS IN DANGER OF SHUTTING DOWN.

5. DESPITE THE ABSENCE OF ANY MENTION IN THE MEDIA (WHAT LITTLE MEDIA THERE IS) ABOUT THE POTENTIAL SHORTAGE OF REFINED PRODUCTS, THE PUBLIC KNOWS. LINES AT FILLING STATIONS IN TEHRAN ARE 4-6 BLOCKS LONG, AND THE DEMAND FOR KEROSENE AND GAS OIL IS 20-25 PERCENT HIGHER THAN IT WAS THIS TIME LAST YEAR.

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TELEGRAM

1978 DEC -4 AM 10:57

INDICATE COLLECT / CHARGE TO 11834

FROM	CLASSIFICATION
AMEMBASSY TEHRAN	CONFIDENTIAL

ACTION: SECSTATE WASHDC NIACT IMMEDIATE

INFO: AMEMBASSY ABU DHABI
AMEMBASSY CARACAS
AMEMBASSY DOHA
AMEMBASSY KUWAIT
AMEMBASSY LONDON
AMEMBASSY MANAMA
AMEMBASSY MOSCOW
AMEMBASSY MUSCAT
AMEMBASSY TOKYO
AMCONSUL DHAHRAN
USINT BAGHDAD

FSE 6-1

CONFIDENTIAL TEHRAN 11834

E.O. 12065: GDS 12/4/84 (BASH, Richard M.) OR-E

TAGS: ENRG, ELAB, IR

SUBJECT: IRANIAN OIL SECTOR STRIKE

1. LABOR SITUATION IN IRANIAN OIL FIELDS IS CONTINUING TO DETERIORATE. IN ADDITION TO IPAC, WHICH SHUT-IN ALL PRODUCTION DECEMBER 3, LAPCO WAS FORCED BY RENEWED STRIKE TO CEASE ALL PRODUCTION AS OF 0700 DECEMBER 4. MOREOVER, SIGNIFICANT NUMBERS OF OSCO EMPLOYEES HAVE GONE BACK ON STRIKE; AND AS A RESULT ALL SIX NGL PLANTS HAVE BEEN CLOSED DOWN AND PRODUCTION TODAY, DECEMBER 4, IS SCHEDULED TO BE 4,441,000 BBLS -- 600-700,000 BBLS LESS THAN HAD BEEN PRODUCED FOR THE PREVIOUS FIVE DAYS.

DRAFTED BY	DRAFTING DATE	TEL. EXT.	CONTENTS AND CLASSIFICATION APPROVED BY
ECON:RBash:db	12/4/78	1129	DCM:GWNaas

CANCELS
ECON:JLMill

CONFIDENTIAL
CLASSIFICATION

OPTIONAL FORM 152(H)
(Formerly FS 413(H))
January 1975
Dept. of State

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[redacted] OPTIMISTIC FOR WE ARE HEARING FROM SEVERAL SOURCES THAT WORKERS ARE CONTINUING TO WALK OFF AND THAT [redacted] IS RENEWED CONCERN THAT PRODUCTION COULD EASILY AND QUICKLY FALL TO THE EXTREMELY LOW LEVELS OF EARLY NOVEMBER.

2. AS A RESULT OF THE SHUT-DOWN OF THE NGL PLANTS, GAS DELIVERIES TO IGAT-I HAVE CEASED AND EXPORTS TO RUSSIA HAVE PERFORCE BEEN STOPPED. MOREOVER, IF THE NGL PLANTS ARE SHUT DOWN FOR MORE THAN A FEW DAYS, THE LPG PLANT AT BANDAR MAHSHAHR WILL BE FORCED TO SHUT DOWN AND THAT, IN TURN, WILL EXACERBATE THE DOMESTIC SHORTAGES OF BOTTLED GAS. WE EXPECT THAT NIGC WILL SOON BEGIN TO INTERRUPT GAS DELIVERIES TO LOCAL INDUSTRIAL CUSTOMERS.

3. SIRIP AND IMINOCO ARE STILL PRODUCING (COMBINED CAPACITY OF ABOUT 90,000B/D) BUT OUR NIOC SOURCES EXPECT THAT THEIR WORKERS WILL SOON GO ON STRIKE. EVEN IF IMINOCO'S WORKERS DO NOT GO ON STRIKE, THEY CAN ONLY PRODUCE FOR ABOUT 2-3 MORE DAYS FOR ALL OF IMINOCO'S CRUDE IS EXPORTED THROUGH LAPCO'S TERMINAL WHICH IS CLOSED BY THE LAPCO STRIKE AND IMINOCO'S TANKAGE (LOCATED ON LAVAN ISLAND) WILL SOON BE FULL.

4. TOTAL PRODUCTION DECEMBER 4 MAY BE 4.55 MILLION BBLS. (IF OSCO'S EARLY MORNING EXPECTATIONS ARE FULFILLED), OF WHICH [redacted],000 will be delivered to local refineries and 3.75 MILLION [redacted] BE AVAILABLE FOR EXPORT.

IPAC REMOVED ABOUT 200 OF ITS MORE JUNIOR EMPLOYEES FROM [redacted] ISLAND YESTERDAY BUT INDICATIONS TODAY ARE THAT THE MORE [redacted] IRANIAN STAFF ARE STILL UNWILLING TO RESUME PRODUCTION.

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6. THE SITUATION AT THE TEHRAN REFINERY APPEARS TO BE ABOUT THE SAME (I.E., NOT SATISFACTORY BUT NOT CRITICAL); KERMANSHAH REFINERY IS REPORTEDLY OPERATING NORMALLY; THE TABRIZ REFINERY, WHICH HAD BEEN UNTOUCHED BY THE STRIKES UNTIL NOW, HAS HAD TO REDUCE THROUGH-PUT BECAUSE WORKERS ARE WALKING OUT OR STOPPING WORK; THE ISFAHAN REFINERY, ONE TRAIN OF WHICH WAS COMMISSIONED IN LATE NOVEMBER WITH THE HELP OF FLUOR, IS SHUT DOWN; AND MAINTENANCE AND WORKSHOP PERSONNEL AT ABADAN REFINERY HAVE GONE ON STRIKE AGAIN AND OUR NIOC SOURCES EXPECT THE STRIKE TO SPREAD TO OPERATING PERSONNEL.

7. ALL OF OUR SOURCES REPORT THAT THE RESUMPTION OF STRIKE ACTIVITY IN THE OIL SECTOR IS SOLELY ATTRIBUTABLE TO KHOMEINI'S CALL AND THAT THERE IS NOT EVEN A FACADE OF ECONOMIC RATIONALE. MARTIAL LAW AUTHORITIES IN AHWAZ ARE AGAIN ARRESTING SOME STRIKERS -- PROBABLY SOME OF THOSE WHO WERE ARRESTED 2-3 WEEKS AGO AND SUBSEQUENTLY RELEASED AND/OR SOME OF THOSE WHO WERE DISCHARGED 2-3 WEEKS AGO AND SUBSEQUENTLY RE-EMPLOYED ON "PROBATION."

8. WE EXPECT THE SITUATION TO GET WORSE DURING AT LEAST THE NEXT FEW DAYS.

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TELEGRAM

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	FROM	CLASSIFICATION
	AMEMBASSY TEHRAN	CONFIDENTIAL

FSE 6-1

O. 11652:
TAGS:
SUBJECT:
ACTION:

ACTION: SECSTATE WASHDC IMMEDIATE

INFO: AMEMBASSY ABU DHABI
AMEMBASSY CARACAS
AMEMBASSY DOHA
AMEMBASSY KUWAIT
AMEMBASSY LONDON
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CONFIDENTIAL TEHRAN 11873

E.O. 12065: GDS 12/3/84 (BASH, Richard M.) OR-E

TAGS: ENRG, ELAB, IR

SUBJECT: IRANIAN OIL SECTOR STRIKE

1. IRANIAN OIL PRODUCTION IS CONTINUING TO GRADUALLY FALL AS MORE WORKERS JOIN THE STRIKE. OSCO WAS NOT ABLE TO MEET ITS PRODUCTION TARGET OF 4.44 MILLION BBLS. DECEMBER 4, AND ACTUAL PRODUCTION AMOUNTED TO APPROXIMATELY 4.2 MILLION BBLS. (4.1 BY OSCO AND 0.1 BY SIRIP, IMINOCO, NIOC AND SOFIRAN).

2. TODAY, DECEMBER 5, OSCO EXPECTS TO PRODUCE 3,610,000 BBLS., OF WHICH 678,000 WILL BE DELIVERED TO DOMESTIC REFINERIES AND THE REMAINDER WOULD BE EXPORTED. HOWEVER, THIS ESTIMATE

DRAFTED BY:	DRAFTING DATE	TEL. EXT.	CONTENTS AND CLASSIFICATION APPROVED BY:
E/C:RMBash:dd	12/5/78	1129	DCM:CWMaas

CLEARANCES:
E/C:JLMill

CONFIDENTIAL
CLASSIFICATION

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OPTIONAL FORM 152(H)
(Formerly FS-413(H))
January 1975
Dept. of State

78

(LIKE YESTERDAY'S) IS PREDICATED ON THE ASSUMPTION THAT THE LABOR SITUATION IN THE FIELDS WOULD NOT DETERIORATE FURTHER AS THE DAY PROGRESSES; AND, THAT MAY VERY WELL BE AN ERRONEOUS ASSUMPTION.

3. IPAC AND LAPCO ARE STILL COMPLETELY SHUT-DOWN. SIRIP, IMINOCO, SOFIRAN, AND NIOC (NAFTE SHAH FIELD) ARE STILL PORDUCING, BUT ONLY 0.1 MILLION BBLS. IMINOCO MAY BE FORCED TO SHUT-IN ALL PRODUCTION TOMORROW BECAUSE OF ITS INABILITY TO EXPORT CRUDE THROUGH THE STRIKE-CLOSED LAPCO LOADING FACILITY.

4. REFINING SITUATION IS UNCHANGED FROM YESTERDAY. THE SITUATION IS NOT GOOD BUT IT IS ENCOURAGING THAT IT DOES NOT SEEM TO BE WORSENING.

5. OUR CONTACTS WITH A NUMBER OF INDUSTRY SOURCES LEAD US TO BELIEVE THAT NIOC AND THE GOI WILL NOT DO VERY MUCH BETWEEN NOW AND DECEMBER 12 TO BREAK THE STRIKE. AFTER ASHURA, THE MILITARY WILL TRY TO BREAK THE STRIKE BY EMPLOYING THE SAME TACTICS THAT PROVED RELATIVELY SUCCESSFUL IN MID-NOVEMBER--I.E. DEMAND THAT STRIKERS RETURN TO WORK OR BE DISCHARGED, EVICTED FROM COMPANY HOUSING, AND FACE POSSIBLE ARREST.

SULLIVAN

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(Formerly FS-413A)
January 1978
Dept. of State

50153-201

TELEGRAM

1978 DEC -6 PM 2:08

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☐ CHARGE TO

FROM	CLASSIFICATION
AMEMBASSY TEHRAN	CONFIDENTIAL 11952

%: 11952:
TAGS:
SUBJECT:
ACTION:

ACTION: SECSTATE WASHDC IMMEDIATE FSE 6-1

INFO: AMEMBASSY ABU DHABI
AMEMBASSY CARACAS
AMEMBASSY DOHA
AMEMBASSY KUWAIT
AMEMBASSY LONDON
AMEMBASSY MANAMA
AMEMBASSY MUSCAT
AMEMBASSY TOKYO
AMCONSUL DHAHRAN
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CONFIDENTIAL TEHRAN 11952

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E.O. 12065: GDS 12/4/84 (BASH, Richard M.) OR-E

TAGS: ENRG, ELAB, IR

SUBJECT: IRANIAN OIL SECTOR STRIKE

1. IRANIAN CRUDE PRODUCTION IS CONTINUING TO DECLINE AND TODAY, DECEMBER 6, TOTAL PRODUCTION IS SCHEDULED TO BE 3.05 MILLION BBLS. OF WHICH 700,000 WILL BE DELIVERED TO DOMESTIC REFINERIES AND THE REMAINDER WILL BE EXPORTED. HOWEVER, TODAY'S ESTIMATE (LIKE THOSE OF THE PREVIOUS TWO DAYS) IS PROBABLY OVERLY OPTIMISTIC, AND THE EMBASSY ESTIMATES THAT THE TARGET WILL BE MISSED BY PERHAPS 200,000 BBLS.

2. OSCO MANAGEMENT BELIEVES THAT PRODUCTION CAN AND WILL

SUBJECT TO	DRAFTING DATE	TEL. EXT.	CONTENTS AND CLASSIFICATION APPROVED BY
E/C:RMBash:dd	12/6/78	1129	DCM:CWNaas
E/C:JLMill			

CONFIDENTIAL
CLASSIFICATION

OPTIONAL FORM 15A (1)
(Formerly 15-413) (1)
January 1975
Dept. of State

BE STABILIZED AT A RATE WELL OVER THE 1.1 MILLION B/D LOW POINT REACHED LAST MONTH BECAUSE OF THE AVAILABILITY OF THE 160 IRANIAN NAVY TECHNICIANS WHO HAVE BEEN TRAINED TO OPERATE OIL FACILITIES. THAT MAY BE THE CASE BUT IT ASSUMES THAT THE WALK-OUT AND SIT-DOWN OF REGULAR STAFF WILL NOT BE SUBSTANTIALLY MORE WIDESPREAD THAN IT WAS LAST MONTH--AND THAT REMAINS TO BE SEEN.

3. THERE HAVE BEEN NO CHANGES DURING THE PAST 24 HOURS IN THE SITUATION OF THE OTHER PRODUCERS (THE JOINT VENTURES, SOFIRAN, AND NIOC), OR IN THE REFINERIES. HOWEVER, WE LEARNED THIS MORNING FROM THE NIOC DIRECTOR FOR INTERNAL DISTRIBUTION AND SALES (PROTECT) THAT LOCAL STOCKS OF KEROSENE AND GAS OIL ARE EXTREMELY LOW AND THAT CURRENT REFINERY PRODUCTION DOES NOT BEGIN TO MEET DEMAND. OUR SOURCE SAID THAT DEMAND FOR MIDDLE DISTILLATES IS NEARLY 50 PERCENT HIGHER THAN IT WAS AT THIS TIME LAST YEAR EVEN THOUGH THE WEATHER IS STILL RELATIVELY MILD. HE PREDICTS THAT SERIOUS SHORTAGES WILL OCCUR AND THAT THEY COULD FASILY LEAD TO A VIRTUAL COLLAPSE OF THE DISTRIBUTION SYSTEM. OUR SOURCE ALSO SAID THAT NIOC IS IN THE INTERNATIONAL MARKET TRYING TO MAKE SOME SPOT PURCHASES OF PRODUCTS BUT HE FEARS THAT IT MAY BE TOO LATE TO AVERT A CRISIS.

4. ACCORDING TO A CURRENT RUMOR, DR. PARVIZ MINA (FORMER NIOC DIRECTOR FOR INTERNATIONAL AFFAIRS) IS TO BE

APPOINTED MANAGING DIRECTOR AND CHAIRMAN OF THE BOARD OF NIOC, REPLACING HUSHANG ANSARY. ACCORDING TO ONE SOURCE CLOSE TO MINA HE HAS BEEN OFFERED THE JOB BUT HE HAS REQUESTED CERTAIN (UNSPECIFIED) REASSURANCES BEFORE ACCEPTING. LENDING SUBSTANCE TO THE RUMOR, MINA RETURNED UNEXPECTEDLY TO TEHRAN FROM FRANCE LATE LAST WEEK. WE WOULD NOT BE SURPRISED IF DR. MINA IS APPOINTED BUT WE DOUBT THAT SUCH A MOVE WILL BE MADE UNTIL AFTER ASHURA, DECEMBER 11, 1978.

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INFO RUESRS/AMEMBASSY CARACAS 361
RUQMOD/AMEMBASSY DOHA 519
RUQMKW/AMEMBASSY KUWAIT 4732
RUQMRA/AMEMBASSY JIDDA 3847
RUDTC/AMEMBASSY LONDON 4041
RUQMAM/AMEMBASSY MANAMA 1177
RUQMMT/AMEMBASSY MUSCAT 595
RUEHKO/AMEMBASSY TOKYO 773
RUEHCR/USINT BAGHDAD 798
RUQMDH/AMCONSUL DHAHRAN 1889
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C O N F I D E N T I A L TEHRAN 12043

PLEASE RE-TYPE ON OCR FORM, AND NOTE IN RED AT TOP THAT IT IS RE-TYPE

E.O. 12065: GDS 12/8/84 (BASH, RICHARD M.) OR-E
TAGS: ENRG, ELAB, IR
SUBJ: IRANIAN OIL SECTOR STRIKE

1. DETERIORATION OF SITUATION IN IRANIAN PETROLEUM SECTOR APPEARS TO HAVE BEEN HALTED, AT LEAST TEMPORARILY. CRUDE PRODUCTION BY OSCO DECEMBER 8 IS SCHEDULED TO BE 2,756,000 BBLS (ABOUT THE SAME AS THE TWO PRECEDING DAYS), OF WHICH 681,000 BBLS WILL BE DELIVERED TO DOMESTIC REFINERIES AND THE REMAINDER WILL BE AVAILABLE FOR EXPORT. WE ASSUME (BUT CANNOT CONFIRM ON THIS THE IRANIAN WEEKEND) THAT THE OTHER SMALLER PRODUCERS, LESS IPAC AND LAPCO WHICH ARE STILL COMPLETELY SHUT DOWN, ARE STILL PRODUCING ABOUT 125,000 B/D.

2. SECURITY SITUATION IN AHWAZ HAS BECOME SOMEWHAT MORE TENSE AS RESULT OF CONFRONTATION AT AHWAZ CEMENTARY DECEMBER 7, BETWEEN SOLDIERS AND GROUP OF TOWNSPEOPLE IN WHICH FOUR CIVILIANS WERE REPORTEDLY KILLED. OSCO EMPLOYEES, IRANIAN AND EXPATRIATE, WHO ARE WORKING ARE RECEIVING FRE-
QUEST THREATS BUT THE CAMPAIGN OF IMTIMIDATION APPEARS TO BE LESS SUCCESSFUL THAN IT WAS LAST MONTH. WE UNDERSTAND THAT MORALE IN THE OIL FIELDS IS STILL RELATIVELY GOOD, PERHAPS IN PART BE-
CAUSE THE MILITARY IS DEVOTING MUCH EFFORT AND MANY RESOURCES IN THEIR EFFORT TO PROVIDE EFFECTIVE SECURITY FOR OIL INDUSTRY PERSONNEL.

3. THE SITUATION OF REFINERIES AND LOCAL DISTRIBUTION SYSTEM IS REPORTEDLY UNCHANGED EXCEPT FOR THE CLOSURE DECEMBER 6, BY STRIKE ACTION, OF THE 80,000 B/D REFINERY AT TABRIZ. STRIKE ISSUES ARE POLITICAL AND WELFARE. TABRIZ CONSULATE REPORTS
REFINERY RESERVES AS NOT EXCEEDING THREE DAYS.

SULLIVAN

BT

C O N F I D E N T I A L TEHRAN 12176

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FM AMEMBASSY TEHRAN
TO RUEHC/SECSTATE WASHDC IMMEDIATE 2183
INFO RUQMBI/AMEMBASSY ABU DHABI 1802
RUESRS/AMEMBASSY CARACAS 0366
RUQMOD/AMEMBASSY DOHA 0641
RUQMRA/AMEMBASSY JIDDA 3869
RUQMKW/AMEMBASSY KUWAIT 4756
RUDTC/AMEMBASSY LONDON 4068
RUQMAM/AMEMBASSY MANAMA 1199
RUQMMT/AMEMBASSY MUSCAT 0632
RUEHKO/AMEMBASSY TOKYO 0794
RUQMDH/AMCONSUL DHAHRAN 1911
RUEHCR/USINT BAGHDAD 0842
BT
C O N F I D E N T I A L TEHRAN 12176

FSE 6-1

CHRGE: STATE 12-13-78
APPRV: DCM:CWNAAS
DRFTD: E/C:RMBASH:MLH
CLEAR: E/C:JLMILLS
DISTR: ~~EOB~~-5 AMB DCM
POL-2 PM ICA
OR DAO AGR
SHIR RF/17

E.O. 12065: GDS 12-13-84 (BASH,R.M.) OR-E
TAGS: ENRG, ELAB, IR
SUBJ: IRANIAN OIL SECTOR STRIKE - DEC. 13

1. IRANIAN CRUDE PRODUCTION HAS DECLINED SLIGHTLY AND TOTAL SCHEDULED PRODUCTION DEC. 13 IS 1.17 MILLION BBLS WHICH IS ONLY MARGINALLY HIGHER THAN IT WAS DURING THE LOW POINT EXPERIENCED NOV. 8. DELIVERIES OF CRUDE TO REFINERIES ARE ALSO DOWN AND SERIOUS SHORTAGES OF REFINED PRODUCTS SEEMS INEVITABLE.

2. OSCO IS SCHEDULED TO PRODUCE 1,102,000 BBLS DEC. 13 OF WHICH 530,000 WILL BE DELIVERED TO DOMESTIC REFINERIES AND 571,000 WILL BE AVAILABLE FOR EXPORT. THE LOCAL CONSORTIUM REPRESENTATIVE DOES NOT KNOW WHAT CAUSED THE 146,000 BBL DROP TODAY.

3. THERE IS NO CHANGE IN THE SITUATION OF STRIKE-CLOSED IPAC AND LAPCO. THE JOINT VENTURE STRIKERS WILL NOT EVEN DISCUSS WITH MANAGEMENT WHEN OR UNDER WHAT CURCUMSTANCES THEY WOULD RESUME WORK. SIRIP, SOFIRAN AND NIOC CONTINUE TO PRODUCE ABOUT 70,000 B/D.
SULLIVAN
BT
#2176

NNNN

C O N F I D E N T I A L TEHRAN 12176

O 141612Z DEC 78
FM AMEMBASSY TEHRAN
TO SUSEC/SECSTATE WASHDC IMMEDIATE 2219
INFO RUQMRI/AMEMBASSY ABU DHABI 1808
RUESRS/AMEMBASSY CARACAS 0369
RUQMOD/AMEMBASSY DOHA 0647
RUQMRA/AMEMBASSY JIDDA 3675
RUQMKW/AMEMBASSY KUWAIT 4761
RUETC/AMEMBASSY LONDON 4075
RUQMAM/AMEMBASSY MANAMA 1203
RUQMMT/AMEMBASSY MUSCAT 0636
RUEHKO/AMEMBASSY TOKYO 0798
RUQMDH/AMCONSUL DHAHRAN 1915
RUEHGB/USINT BAGHDAD 0846
BT

CHRGS: STATE 12/14/78
APPRV: DCM:GWNAAS
DRFTD: E/C:RMEAGH:DD
CLEAR: E/C:JLMILLS
DISTR: ECON5 AMB DCM POL2 PM ICA OR DAO AGR SHIR (15)

FSE 6-1

C O N F I D E N T I A L SECTION 01 OF TEHRAN 12254

E.O. 12065: GDS 12/14/84 (BASH, R.M.) OR-E
TAGS: ENRG, ELAB, IR
SUBJECT; IRANIAN OIL SECTOR STRIKE - DEC. 14

1. TOTAL IRANIAN CRUDE PRODUCTION DEC. 14 WILL BE 1.2 MILLION BBLS, THE SAME AS THE PREVIOUS DAY. THE SITUATION REGARDING PRODUCTION IS MOMENTARILY STABLE BUT VERY FRAGILE, AND THE SITUATION INSOFAR AS REFINING IS CONCERNED IS DETERIORATING.

2. OSCO HOPES AND EXPECTS, ESPECIALLY THE FORMER, TO BE ABLE TO MAINTAIN 1.1 MILLION B/D LEVEL OF PRODUCTION. HOWEVER, THE LABOR SITUATION COULD WORSEN, IN WHICH CASE PRODUCTION COULD FALL AS LOW AS 700-800,000 B/D. THAT BOTTOM COULD BE MAINTAINED BY THE 150-160 NAVY TECHNICIANS WHO ARE WORKING IN THE OIL FIELDS. THE SAILORS ARE THE ONLY PRODUCTION WORKERS AT PARIS AND KARANJ FIELDS AND THEY ARE ALSO MANNING TWO OTHER PRODUCTION UNITS. THEY ARE WORKING 12 HOUR SHIFTS AND ARE HOUSED IN PONTACAMP FACILITIES IN THE FIELD.

3. THE CURRENT STRIKE AGAINST OSCO IS CONSIDERABLY MORE WIDESPREAD THAN IT WAS IN EARLY NOVEMBER. MOREOVER, MANY OF THOSE FEW IRANIAN STAFF AND DAILY RATED EMPLOYEES WHO ARE STILL WORKING HAVE TOLD THEIR SUPERVISORS THAT THEY ARE WORKING ONLY IN ORDER TO PRODUCE SUFFICIENT CRUDE FOR THE DOMESTIC MARKET. THEY HAVE THREATENED TO WALK OUT IF OSCO ATTEMPTS TO INCREASE PRODUCTION OR IF MILITARY PERSONNEL ARE BROUGHT IN TO WORK ALONG SIDE THEM--HENCE THE NAVY TECHNICIANS ARE ISOLATED AND HAVE BEEN GIVEN SOLE RESPONSIBILITY FOR CERTAIN PRODUCTION UNITS.

4. SOME STRIKERS HAVE ALSO THREATENED TO TURN TO VIOLENT TACTICS IF PRODUCTION INCREASES; AND EXPERIENCED, LEVEL-HEADED AMERICAN OFFICIALS OF OSCO ARE CONVINCED THAT THE THREATS ARE SERIOUS. WE WERE TOLD THIS MORNING BY A SENIOR OSCO OFFICIAL THAT PRODUCTION COULD BE INCREASED SLIGHTLY WITH THE PERSONNEL PRESENTLY AVAILABLE BUT THAT THE FEAR OF REPRISALS HAS THUS FAR PRECLUDED IT. THE OSCO OFFICIAL WITH WHOM WE SPOKE ALSO

TOLD US THAT THE STRIKERS HAVE SAID THAT THEY HAVE NO COMPLAINTS ABOUT THE COMPANY BUT THAT THEIR STRIKE IS AN ISSUE OF "IDEOLOGY" AND THAT OSCO MANAGEMENT IS THEREFORE WASTING ITS TIME IN TALKING ABOUT A RETURN TO WORK. OUR SOURCE, IN WHOM WE HAVE CONSIDERABLE CONFIDENCE, DOES NOT EXPECT MANY WORKERS TO RETURN AFTER THE WEEKEND.

5. OSCO, NIOC, AND THE NAVY ARE PREPARING FOR THE WORST AND A MEETING WAS HELD YESTERDAY IN AHWAZ TO DISCUSS WHAT ELSE THE MILITARY COULD DO TO HELP. OSCO SUGGESTED THAT THEY TRAIN 500 ADDITIONAL SAILORS. THE RESPONSE OF THE SENIOR IIN OFFICER PRESENT WAS THAT THE INDEFINITE TRANSFER OF 500 SAILORS WOULD REQUIRE THE LAY-UP OF 2 DESTROYERS, AND THAT APPROVAL WOULD HAVE TO COME FROM TEHRAN.

6. PRECISE FIGURES FOR PRODUCTION AND ALLOCATION BETWEEN EXPORT AND DOMESTIC REFINERIES WERE NOT AVAILABLE THIS MORNING. HOWEVER, WE WERE INFORMED THAT 1.1 MILLION BBLS WILL BE PRODUCED BY OSCO DEC. 14, AND THAT DELIVERIES TO THE ABADAN REFINERY WOULD BE LOWER THAN DEC. 13 (WHEN IT WAS 544,000 BBLS) WHILE DELIVERIES TO TEHRAN REFINERY WOULD BE ABOUT THE SAME (DELIVERIES DEC. 13 WERE 74,000 BBLS). OUR SOURCE CONFIRMED OUR SUSPICION OF INCREASING LABOR PROBLEMS AT ABADAN REFINERY (REPORTED ON DEC. 11 IN TEHRAN 12099) AND HE SAID THAT THE SITUATION HAS BECOME VERY SERIOUS. LOCAL SHORTAGES OF GAS OIL AND KEROSINE HAVE DEVELOPED BUT THEY HAVE NOT YET CREATED SERIOUS PROBLEMS OR PANIC. IMPORTS OF REFINED PRODUCTED HAVE APPARENTLY BEGAN AT BANDAR MAHSHAHR BUT IT WILL BE DIFFICULT, AT BEST, TO BRING IN ENOUGH PRODUCTS TO MEET EVEN THE PRESENT SHORT-FALL, TO SAY NOTHING OF THE DIFFICULTIES WHICH WOULD BE CREATED IF ABADAN REFINERY THROUGH-PUT WERE TO BE GREATLY REDUCED. IN ADDITION TO THE DIFFICULTY OF SECURING SUPPLIES TO BE IMPORTED, THE FACILITIES AT BANDAR MAHSHAHR WERE DESIGNED AND BUILT FOR
BT
#2254

NNNN

[illegible] DEC 78
FM AMEMBASSY TEHRAN
TO SECSTATE WASHDC IMMEDIATE 2220
INFO SECDEF/AMEMBASSY ABU DHABI 1609
RUEBRS/AMEMBASSY CARACAS 0370
RUQMOD/AMEMBASSY DOHA 0648
RUQMRA/AMEMBASSY JIDDA 3876
RUQMKW/AMEMBASSY KUWAIT 4762
RUETC/AMEMBASSY LONDON 4476
RUQMAN/AMEMBASSY MANAMA 1204
RUQMMT/AMEMBASSY MUSCAT 0637
RUEHKO/AMEMBASSY TOKYO 0799
RUQMDH/AMCONSUL DHAHRAN 1916
RUEHCH/USINT BAGHDAD 0847
BT
C O N F I D E N T I A L SECTION 02 OF 02 TEHRAN 12254

EXPORTS AND IT WILL NOT BE EASY TO USE THOSE SAME FACILITIES TO HANDLE LARGE QUANTITIES OF IMPORTS.

7. ANOTHER PROBLEM ON THE HORIZON IS THE FALLING PRESSURE IN THE IGAT-I GAS PIPELINE WHICH CONTINUES TO PROVIDE GAS TO DOMESTIC HOUSEHOLDS, EXPORTS AND INDUSTRIAL/COMMERCIAL CUSTOMERS HAVING BEEN CUT-OFF NEARLY 2 WEEKS AGO. ABOUT 125 MILLION SCF/DAY OF GAS IS BEING FLARED AT AHWAZ PRODUCTION UNITS AND THIS GAS COULD BE PUT INTO IGAT-I IF OSCO COULD RE-COMMISSION ONE OF THE NGL (NATURAL GAS LIQUIDS) PLANTS. HOWEVER, THE PERSONNEL ARE ON STRIKE. ON DEC. 13 MARTIAL LAW AUTHORITIES IN AHWAZ ATTEMPTED TO LOCATE SOME OF THESE STRIKERS SO THAT THEY COULD CONVINCE OR COERCE THE STRIKERS TO RETURN TO WORK, EVEN TEMPORARILY. AS OF THIS MORNING, DEC. 14, THE MARTIAL LAW AUTHORITIES HAD NOT BEEN ABLE TO FIND EVEN THE SENIOR SUPERVISOR OF THE NGL PLANT.

8. THE SITUATION WITH THE SMALLER PRODUCERS IS UNCHANGED. IPAC, LAPCO, AND IMINOCO ARE COMPLETELY SHUT-DOWN. SIRIP, SOFIRAN, AND NIOC CONTINUE TO PRODUCE 60-70,000 B/D. SULLIVAN
BT
#2254

NNNN

C O N F I D E N T I A L TEHRAN 12254/2

C O N F I D E N T I A L TEHRAN 12278

O 181221Z DEC 78
FM AMEMBASSY TEHRAN
TO SECSTATE WASHDC IMMEDIATE 2234
INFO SECDEF/AMEMBASSY ABU DHABI 1813
AMEMBASSY CARACAS 0372
AMEMBASSY DOHA 3652
AMEMBASSY JIDDA 3880
AMEMBASSY KUWAIT 4766
AMEMBASSY LONDON 4482
AMEMBASSY MANAMA 1208
AMEMBASSY MUSCAT 0641
AMEMBASSY TOKYO 0803
AMCONSUL DHAHRAN 1923
USINT BAGHDAD 0851
BT
C O N F I D E N T I A L TEHRAN 12278

E.O. 12065: GDS 12/16/84 (EAGH, R.M.) OR-E
TAGS: EMIN, IR
SUBJECT: OIL SECTOR REPORT DECEMBER 16

1. TODAY, DECEMBER 16, OSCO IS SCHEDULED TO PRODUCE 1,774,000 BARRELS OF WHICH 648,200 WILL BE DELIVERED TO DOMESTIC REFINERIES AND 1,028,800 WILL BE AVAILABLE FOR EXPORT. SIRIP, SOFIRAN AND NIOC CONTINUE TO PRODUCE 60-70,000 BARRELS PER DAY.

2. THE 600,000 BARREL INCREASE BY OSCO IS THE RESULT OF THE RECOMMISSIONING OF ONE PRODUCTION UNIT AT GACHSARAN AND ANOTHER AT BIBI HAKIMEH. THE CREWS OF THESE TWO UNITS VOLUNTARILY RETURNED TO WORK THIS MORNING BUT THEY WERE PRACTICALLY THE ONLY WORKERS TO DO SO. OTHER STRIKERS HAVE SHOWN NO INCLINATION OF RETURNING AND IT IS THEREFORE PREMATURE TO SAY THAT THE RETURN OF TWO CREWS SIGNALS A TREND.

3. OSCO AND NIOC OFFICIALS ARE MEETING WITH STRIKERS TODAY IN THE SOUTH TO TELL THEM THAT IF THEY DO NOT GO BACK TO WORK THEN THE SITUATION IS OUT OF THEIR CONTROL AND THAT THE MARTIAL LAW AUTHORITIES WILL TAKE OVER. WE DO NOT SEE THE MILITARY WILL BEGIN TO APPLY SOME PRESSURE ON FROM DECEMBER 17. THE SITUATION APPEARS TO BE MORE VOLATILE NOW THAN IT WAS LAST MONTH AND GIVEN THE GENERAL DYNAMICS OF THIS CALL FOR CONTINUATION OF THE STRIKES IN THE OIL SECTOR WE ARE CONCERNED ABOUT THE POSSIBILITY OF VIOLENT CONFRONTATIONS.

4. DELIVERIES OF CRUDE TO REFINERIES, WHILE STILL LOW, HAVE INCREASED FOR THE SECOND DAY IN SUCCESSION. MOST OF THE INCREASE WILL BE IN DELIVERIES TO TEHRAN. [illegible] SEVERE SHORTAGES OF GAS OIL AND KEROSENE AND MANY SELLING STATIONS IN TEHRAN HAVE EXPERIENCED MORE DEMAND THAN THEY HAVE BEEN ABLE TO MEET DURING THE PAST TWO DAYS; HOWEVER, SHORTAGES ARE NOT YET CRITICAL. SULLIVAN
BT
#2278

NNNN

CONFIDENTIAL [illegible]

DE RUEHC #1311 3522100
ZNY CCCCC ZZH
O 181950Z DEC 79
FM SECSTATE WASHDC
TO RUEHRH/AMEMBASSY ABU DHABI 1815
RUEHCR/AMEMBASSY CARACAS 0573
RUEHOD/AMEMBASSY DOHA 0654
RUQMNA/AMEMBASSY JIDDA 3862
RUQMKW/AMEMBASSY KUWAIT 4768
RUDLOC/AMEMBASSY LONDON 4082
RUQMAM/AMEMBASSY MANAMA 1210
RUQMMT/AMEMBASSY MUSCAT 0643
RUEHKO/AMEMBASSY TOKYO 0005
RUQMAD/AMCONSUL DHAHRAN 1922
RUEHCR/USINT BAGHDAD 0853
BT
C O N F I D E N T I A L TEHRAN 12311

E.O. 12065: GDS 12/17/84 (BASH, R.M.) OR-E
TAGS: ENRG, IR
SUBJECT: OIL SECTOR STRIKE--DECEMBER 17

1. OSCO IS SCHEDULED TO PRODUCE 2,140,000 BBLS DECEMBER 17, OF WHICH 645,000 WILL BE DELIVERED TO DOMESTIC REFINERIES AND 1,495,000 WILL BE AVAILABLE FOR EXPORT. IPAC, LAPCO AND IMINOCO ARE STILL COMPLETELY SHUT-DOWN; BUT, THE OTHER SMALL PRODUCERS CONTINUE TO PRODUCE 60-70,000 B/D.

2. APPROXIMATELY 50 PERCENT OF THE WORKERS AT THE LARGE GACHSARAN FIELD HAVE RETURNED TO WORK AND 3 PRODUCTION UNITS ARE NOW WORKING THERE, ALTHOUGH AT LESS THAN FULL CAPACITY. ONE PRODUCTION UNIT WHICH CAME BACK ON STREAM DECEMBER 16 AT BIBI HAKIMEH IS WORKING NORMALLY, IIN KHOSHKHEI ARE OPERATING PARIS AND KARANJ FIELDS, AND THERE IS SOME PRODUCTION FROM AHWAZ FIELD. HOWEVER, THERE HAS BEEN NO SIGNIFICANT IMPROVEMENT IN THE LABOR SITUATION AT AHWAZ, MARUN, OR AGHA JARI FIELDS.

3. THE MILITARY IS PREPARING TO INVOLVE ITSELF DIRECTLY, FORCIBLY, AND IMMEDIATELY IN THE SITUATION. AN IIA GENERAL WAS SENT TO AGHA JARI, ANOTHER TO GACHSARAN, AND TWO COLONELS TO AHWAZ TO HEAD THE MILITARY OPERATION TO BRING PRODUCTION BACK. OSCO HAS BEEN REQUESTED TO PROVIDE NAMES OF STRIKE-LEADERS AND AGITATORS AND THE MILITARY HAS TOLD OSCO THAT THESE PEOPLE WILL BE TRIED BY MILITARY COURT IN GACHSARAN, AGHA JARI, OR AHWAZ UNDER TERMS OF THE OIL INDUSTRY SABOTAGE ACT WHICH DATES FROM THE 1951-3 OIL NATIONALIZATION ERA. THE TWO MOST IMPORTANT JOINT VENTURES, IPAC AND LAPCO, HAVE BEEN TOLD THAT SIMILAR ACTIONS WILL BE TAKEN ON KHARG AND LAVAN ISLANDS AND THAT TEAMS HEADED BY SENIOR MILITARY OFFICERS WILL ARRIVE ON THE ISLANDS TOMORROW. THE MILITARY HAS TOLD OSCO THAT THE LEADERS AND AGITATORS WHO ARE FOUND GUILTY OF INDUSTRIAL SABOTAGE (I.E. STRIKING) WILL BE FIRED, EVICTED FROM COMPANY HOUSING, AND THAT THEIR NAMES WILL BE MADE A MATTER OF PUBLIC RECORD SO THAT THEY WILL NEVER BE ELIGIBLE FOR EMPLOYMENT BY THE GOI OR ANY OF ITS STATE CORPORATIONS IN THE FUTURE.

CONFIDENTIAL TEHRAN 12311

4. [redacted] NO WORD ABOUT THE REASSIGNMENT OF [redacted] OSCO OR OSCO'S MANNING/EMPLOYMENT [redacted], WE SUSPECT THAT SUCH A DECISION [redacted] WOULD BE THE ARMY HAS A CHANCE TO FORCE THE [redacted] BACK TO WORK. HOWEVER, EVEN IF AN ADDITIONAL [redacted] SAILORS ARE DETAILED TO THE OIL FIELDS IT WILL NOT, AS [redacted] REPORTED TO OSCO (TEHRAN 12254), REQUIRE THE LAY-UP OF ANY VESSELS. AT LEAST THE HEAD OF THE NAVY SECTION OF ARMISH MAAG WAS TOLD BY ADMIRAL OLLAHI, IIN COMMANDER, THAT [redacted] SAILORS COULD BE PROVIDED WITHOUT AFFECTING FLEET OPERATIONS.

5. SHIRAZ REFINERY DID COME BACK ON STREAM DECEMBER 16, AND WE ARE INFORMED THAT THE LABOR PROBLEMS AT ABADAN REFINERY HAVE BEEN RESOLVED. TEHRAN CONTINUES TO OPERATE AT ABOUT HALF NORMAL THROUGH-PUT, AND SHIRAZ AND ISFAHAN REFINERIES ARE STILL CLOSED. PRODUCT SHORTAGES ARE SERIOUS BUT NOT CRITICAL AND IT APPEARS THAT THE SITUATION WILL BE PRECARIOUS UNTIL THE END OF THE WINTER HEATING SEASON. WE WILL REPORT MORE FULLY ON THIS IMPORTANT SITUATION TOMORROW.

6. NIOC HAD A MEETING OF THE BOARD OF DIRECTORS DECEMBER 16 AND IT WAS ANNOUNCED THAT HUSHANG ANSARY'S RESIGNATION (IN ABSENTIA) HAD BEEN SUBMITTED AND ACCEPTED. A NUMBER OF OUR NORMALLY RELIABLE SOURCES SAY THAT ABDULLAH ENTEZAM HAS BEEN SELECTED TO REPLACE ANSARY. ENTEZAM IS THE 81 YEAR OLD FORMER DIPLOMAT, FOREIGN MINISTER (1953-55), AND PREVIOUS MANAGING DIRECTOR OF NIOC (1957-63); AND, HE IS WIDELY REGARDED AS AN HONEST AND RELATIVELY INDEPENDENT MEMBER OF IRAN'S SMALL CADRE OF WISE OLD MEN. SULLIVAN
[redacted]
12311
[redacted]
ON

CONFIDENTIAL TEHRAN 12311

O 181455Z DEC 78
FM AMEMBASSY TEHRAN
TO RUEHC/SECSTATE WASHDC IMMEDIATE 2274
INFO RUQMPI/AMEMBASSY ABU DHABI 1819
RUESRS/AMEMBASSY CARACAS 0374
RUQMOD/AMEMBASSY DOHA 0658
RUQMRA/AMEMBASSY JIDDA 3886
RUQMKW/AMEMBASSY KUWAIT 4772
RUDTC/AMEMBASSY LONDON 4086
RUQMAM/AMEMBASSY MANAMA 1214
RUQMMT/AMEMBASSY MUSCAT 0647
RUEHKO/AMEMBASSY TOKYO 0809
RUQMDH/AMCONSUL DHAHRAN 1926
RUEHGR/USINT BAGHDAD 0857
BT
C O N F I D E N T I A L TEHRAN 12349

CHRGE: STATE 12/18/78
APPRV: DCM:CWNAAS
DRFTD: E/C:RMBASH:DD
CLEAR: E/C:JLMILLS
DISTR: ECON5 AMB DCM
POL2 PM ICA
OR DAO AGR
SHIR RF/17

FSE 6.1

E.O. 12065: GDS 12/18/84 (BASH, R.M.) OR-E
TAGS: ENRG, IR
SUBJECT: OIL SECTOR STRIKE--DECEMBER 18

1. PRODUCTION TODAY, DECEMBER 18, IS EXPECTED TO INCREASE 400,000 BBLS, BUT THE STRIKE CONTINUES. IN FACT, WE ARE INFORMED THAT OSCO HAS FEWER EMPLOYEES WORKING TODAY THAN YESTERDAY. OSCO IS SCHEDULED TO PRODUCE 2,514,000 BBLS, OF WHICH 728,000 WILL BE DELIVERED TO DOMESTIC REFINERIES AND 1,786,000 WILL BE AVAILABLE FOR EXPORT. IPAC, LAPCO, AND IMINOCO ARE STILL SHUT-DOWN AND OUR SOURCES GIVE US NO REASON FOR OPTIMISM. SIRIP, NIOC AND SOFIRAN ARE PRODUCING ABOUT 90,000 B/D, BUT MANY SOFIRAN EMPLOYEES ARE THREATENING TO GO ON STRIKE. SUCH A DEVELOPMENT IS IMPORTANT ONLY IN A PSYCHOLOGICAL SENSE SINCE SOFIRAN PRODUCTION IS ONLY ABOUT 20,000 B/D.

2. OSCO ATTEMPTED YESTERDAY TO RE-COMMISSION NGL 600 AT AHWAZ IN ORDER TO RESUME NATURAL GAS DELIVERIES TO IGAT-I PIPELINE. A CREW WAS ASSEMBLED AND DISPATCHED, WITH GREAT EFFORT AND DIFFICULTY, TO THE NGL PLANT LATE YESTERDAY AFTERNOON BUT BEFORE THE PLANT COULD BE BROUGHT ON-STREAM THERE WAS A POWER FAILURE (ELECTRICITY IS PROVIDED BY THE KHUZESTAN WATER AND POWER CORPORATION). THE OSCO CREW DEPARTED THE PLANT SITE THIS MORNING BEFORE ELECTRICITY HAD BEEN RESUMED AND NGL 600 IS STILL IDLE. OSCO MANAGEMENT SUSPECTS, BUT WOULD BE HARD PRESSED TO PROVE, THAT THERE WAS COLLUSION BETWEEN OSCO STRIKERS AND LIKE-MINDED KWP EMPLOYEES.

3. THE REFINING SITUATION IS UNCHANGED FROM YESTERDAY. TABRIZ IS OPERATING NORMALLY; ABADAN IS OPERATING RELATIVELY NORMALLY; AND, TEHRAN REFINERY IS RUNNING AT ABOUT 50 PERCENT OF CAPACITY. THERE ARE CONTINUED SHORTAGES OF GAS OIL AND KEROSENE. IN TEHRAN AND PERHAPS IN OTHER CONSUMPTION CENTERS, NIOC HAS LIMITED DISTRIBUTION OF MIDDLE DISTILLATES TO TWO-THIRDS OF NORMAL DEMAND FOR THIS TIME OF YEAR. THESE SHORTAGES WILL CONTINUE AND PERHAPS EVEN WORSEN FOR THE REST OF THE WINTER, REGARDLESS OF WHAT HAPPENS IN THE REFINERIES AND REGARDLESS OF ANY PRODUCT IMPORTS WHICH HAVE ALREADY STARTED.

4. THE NIOC DIRECTOR FOR LOCAL DISTRIBUTION AND SALES (PROTECT) TOLD US THAT STOCKS OF MIDDLE DISTILLATES COUNTRY-WIDE AMOUNT TO ONLY 12 DAYS CONSUMPTION (NORMAL WINTER DEMAND FOR MIDDLE DISTILLATES IS 420,000 B/D), WHILE THE RESERVES IN TEHRAN ARE LESS THAN 1 REPEAT 1 DAYS SUPPLY. HE ALSO SAID THAT MAXIMUM POTENTIAL PRODUCTION OF MIDDLE DISTILLATES, ASSUMING NORMAL OPERATION OF ALL REFINERIES, IS WELL UNDER 420,000 B/D. RESERVES ARE NORMALLY BUILT UP DURING THE SUMMER AND GRADUALLY DRAWN DOWN THROUGH THE WINTER--AT THIS POINT 40 DAYS RESERVE IS ABOUT THE MINIMUM REQUIRED TO MAKE IT THROUGH UNTIL SPRING. OUR SOURCE SAID THAT NIOC HAD CONSIDERED BUYING 2 MILLION TONS OF REFINED PRODUCTS BUT THAT HE HAD CONVINCED HIS COLLEAGUES THAT THE INTERNAL DISTRIBUTION SYSTEM WOULD NOT PERMIT THE TRANSPORT OF MORE THAN 500,000 TONS FROM PERSIAN GULF PORTS (BANDAR MAHSHAHR AND BANDAR ABBAS) TO INLAND CONSUMPTION CENTERS DURING THE NEXT TWO MONTHS. CONSEQUENTLY, IT IS LIKELY TO BE A LONG, COLD WINTER FOR MANY IN THE MAJOR INTERIOR CITIES OF IRAN. SULLIVAN
BT
#2349

NNNN

O 231052Z DEC 78
FM AMEMBASSY TEHRAN
TO RUEHC/SECSTATE WASHDC IMMEDIATE 2387
INFO RUQMBI/AMEMBASSY ABU DHABI 1632
RUESRS/AMEMBASSY CARACAS 0377
RUQMOD/AMEMBASSY DOHA 0672
RUQMRA/AMEMBASSY JIDDA 3899
RUQMKW/AMEMBASSY KUWAIT 4787
RUDTC/AMEMBASSY LONDON 4105
RUQMAM/AMEMBASSY MANAMA 1227
RUQMMT/AMEMBASSY MUSCAT 0660
RUEHKO/AMEMBASSY TOKYO 0824
RUQMDH/AMCONSUL DHAHRAN 1938
RUEHCR/USINT BAGHDAD 0872
BT
C O N F I D E N T I A L TEHRAN 12542

CHRGD: STATE 12/23/78
APPRV: DCM:CWNNAS
DRFTD: ECON:RBASH:HG
CLEAR: ECON:JLMILLS
DISTR: ECON-5 AMB DCM
POL-2 PM ICA
OR DAO AGR
CHRON RF/16

FSE6-1

E.O. 12065: GDS 12/23/84 (BASH, R.M.) OR-E
TAGS: ENRG, ELAB, IR, CASC
SUBJECT: IRANIAN OIL SECTOR STRIKE - DEC 23; ASSASSINATIONS

REF: LONDON 21050 (NOTAL)

1. PAUL GRIM, OSCO'S GENERAL MANAGER FOR OPERATIONS, AND AN IRANIAN AREA DRILLING SUPERINTENDENT EMPLOYED BY OSCO WERE MURDERED IN SEPARATE INCIDENTS IN AHWAZ ABOUT 0730 DECEMBER 23. GRIM WAS AN AMCIT ON LOAN TO OSCO FROM TEXACO. ACCORDING TO OUR INFORMATION GRIM WAS KILLED BY AUTOMATIC RIFLE FIRE AS HE WAS DRIVING ALONE, ONTO THE MASJED-E-SULIMAN HIGHWAY (A MAIN ROAD LEADING INTO AHWAZ) ON HIS WAY TO WORK. THE IRANIAN OSCO EMPLOYEE WAS REPORTEDLY KILLED IN FRONT OF HIS HOUSE AS HE WAS PREPARING TO DEPART FOR OSCO OFFICES.

2. IRONICALLY, GRIM WAS THE EMBASSY'S PRIMARY SOURCE FOR PARA 4 OF OUR OIL SECTOR REPORT OF DECEMBER 14 (TEHRAN 12254) IN WHICH WE REPORTED THAT EXPERIENCED, LEVEL-HEADED AMERICAN OFFICIALS OF OSCO WERE CONVINCED THAT STRIKERS' THREATS TO TURN TO VIOLENT TACTICS WERE SERIOUS.

3. OSCO IS HOLDING MEETING IN AHWAZ TO DISCUSS THE SITUATION AND, POSSIBLE EVACUATION AND WE EXPECT THAT MOST REMAINING EXPATRIATE DEPENDENTS AND SOME EXPATRIATE EMPLOYEES WILL CHOOSE TO LEAVE. WE UNDERSTAND THAT THE CONSORTIUM OFFICE IN LONDON HAS MADE STAND-BY ARRANGEMENTS FOR A CHARTER FLIGHT IF MORE PEOPLE WISH TO LEAVE THAN CAN BE ACCOMMODATED ON SCHEDULED FLIGHTS.

4. WE ALSO HAVE UNCONFIRMED REPORTS THAT ONE PICK-UP AND ONE WIRE-LOGGING TRUCK BELONGING TO FOREIGN-OWNED (U.S. AND FRENCH) OIL FIELD SERVICE COMPANIES HAVE BEEN DESTROYED IN AHWAZ -- PRESUMABLY FIRE-BOMBED. WE HAVE CONFIRMED REPORT REFTEL CONCERNING SABOTAGE TO CRUDE PIPELINE. HOWEVER, LOCAL CONSORTIUM REPRESENTATIVE IS ON VACATION AND HIS DEPUTY DID NOT KNOW OF INCIDENT. THE DEPUTY CONSORTIUM REPRESENTATIVE ALSO HAD NOT HEARD OF MASS-RESIGNATION

LETTER (REFTEL) AND WE HAVE BEEN UNABLE THUS FAR TO OBTAIN ANY ADDITIONAL INFORMATION.

5. EVEN BEFORE THIS CURRENT ROUND OF INCIDENTS, OIL FIELD STRIKERS HAD BEEN HARDENING THEIR ATTITUDES. LAPCO STRIKERS HAVE BEEN SAYING THAT THEY MIGHT RETURN TO WORK ON DECEMBER 26 BUT THAT THEY MIGHT ALSO DECIDE TO CONTINUE THEIR STRIKE UNTIL THERE IS A CIVILIAN GOVERNMENT. THE AMOCO MANAGEMENT OF IPAC HAVE PRACTICALLY GIVEN UP HOPES OF RESUMING PRODUCTION IN THE NEAR FUTURE. IRANIAN EMPLOYEES OF IPAC AT ALL REPEAT ALL LEVELS OF THE COMPANY ARE AT LEAST SYMPATHETIC TO THE DEMANDS OF THE STRIKE-LEADERS, AND IPAC SUPERVISORS REFUSE TO REQUEST OR ENCOURAGE THEIR SUBORDINATES TO RESUME WORK.

6. TOTAL CRUDE PRODUCTION DECEMBER 21/22 REPORTEDLY AVERAGED 3.6-3.7 MILLION B/D. BECAUSE OF THE TURMOIL IN OSCO WE DO NOT HAVE AN ESTIMATE OF WHAT PRODUCTION WILL BE TODAY, DECEMBER 23.

7. SINCE THE VERY BEGINNING OF THE OVERTLY POLITICALLY-INSPIRED OIL SECTOR STRIKES IN LATE OCTOBER, SENIOR OFFICIALS OF THE GOI, NIOC, AND EVEN THE IRANIAN MILITARY HAVE BEEN WORRIED ABOUT THE POSSIBILITY OF PROVOKING SERIOUS INCIDENTS. IT HAS BEEN LARGELY DUE TO THESE CONCERNS THAT THE MILITARY HAVE BEEN SO RELUCTANT TO EXERT STRONG PRESSURE ON THE STRIKERS. HOWEVER, THE EMPHASIS ON THE CARROT AS OPPOSED TO JUDICIOUS USE OF THE STICK HAS NOT ONLY RESULTED IN A CONTINUATION OF THE STRIKE BUT IT DID NOT EVEN PREVENT THE ADOPTION OF TERRORISM. THE SITUATION WILL BE EXTREMELY DIFFICULT TO HANDLE BECAUSE OF THE NEW ESCALATION OF VIOLENT TACTICS AND BECAUSE THE GOI, NIOC, AND THE MILITARY HAVE LOST MUCH OF THEIR CREDITABILITY. A SMALL BUT VERY IMPORTANT AND GROWING PERCENTAGE OF OIL FIELD WORKERS (FROM SUPERVISORY STAFF TO THE MOST JUNIOR LEVELS) SEEM TO BE CONVINCED THAT THREATS MADE BY THE GOI WILL NOT BE CARRIED OUT, EITHER BECAUSE OF A LACK OF WILL ON THE PART OF THE GOI AND THE MILITARY OR BECAUSE OF A CONVICTION THAT THE STRIKE HAS SUCH SUPPORT THAT THE WORKERS WILL PREVAIL IN A SHOWDOWN. SULLIVAN
BT
#2542

NNNN

[illegible] 79
[illegible] TEHRAN
[illegible] IMMEDIATE 2449
[illegible] ABU DHABI 1314
[illegible] CARACAS 0302
[illegible] DOHA 2694
[illegible] JIDDA 3911
[illegible] KUWAIT 4799
[illegible] LONDON 4119
[illegible] MANAMA 1239
[illegible] MUSCAT 0672
[illegible] TOKYO 0937
[illegible] DHAHRAN 1949
[illegible] BAGHDAD 0985
BT
C O N F I D E N T I A L TEHRAN 12641

E.O. 12065: GDS 12/27/79 (BASE, R.M.) OR-F
TAGS: ENRG, ELAB, IR, CASC
SUBJECT: IRANIAN OIL SECTOR STRIKE - DEC. 27

1. IN THE WORDS OF THE SENIOR EXPATRIATE OFFICIAL OF OSCO IN TEHRAN, WHO HAD JUST FINISHED TALKING WITH OSCO ACTING MANAGING DIRECTOR EVANS IN AHWAZ, THE WHOLE THING IS COMING APART. OSCO'S PRODUCTION IS PRESENTLY AT A RATE OF LESS THAN 500,000 B/D. MOREOVER, THE SITUATION IS SO VOLATILE THAT A COMPLETE SHUT-DOWN OF ALL PRODUCTION MAY WELL OCCUR.

2. WE ASSUME THAT IIN SAILORS ARE PRIMARILY RESPONSIBLE FOR MAINTAINING THE CURRENT LEVEL OF PRODUCTION. HOWEVER, WE WOULD ALSO HAVE THOUGHT THAT THE NAVY PERSONNEL ALONE COULD PRODUCE 700-800,000 B/D (SEE TEHRAN 12014 OF DEC. 14). NEITHER THE LOCAL CONSORTIUM OFFICE NOR OSCO/TEHRAN ARE ABLE TO EXPLAIN WHY PRODUCTION HAS FALLEN SO LOW, AND WE HAVE NOT BOTHERED OSCO/AHWAZ BY CALLING ON UNSECURE LINES SINCE THEY ARE ALREADY UNDER ENOUGH PRESSURE.

3. WE WERE INFORMED THIS MORNING BY THE HEAD OF THE FLUOR CONSTRUCTION TEAM IN THE TEHRAN REFINERY THAT THE REFINERY IS IN THE PROCESS OF SHUTTING DOWN. THERE WERE LARGE DEMONSTRATIONS AT THE REFINERY THIS MORNING. NIOC EMPLOYEES INSIDE THE REFINERY WERE GIVING AWAY KEROSENE AND GAS OIL TO ANY AND ALL WHO CAME TO THE REFINERY GATE WITH CONTAINERS THIS MORNING--NOT VERY IMPORTANT IN AND OF ITSELF BUT IT IS SYMPTOMATIC OF THE NEARLY COMPLETE BREAK-DOWN OF WHAT WAS THE BEST-RUN, BEST-MANAGED AND MOST SOPHISTICATED SECTOR IN IRAN.

4. EVEN IF THE SHUT-DOWN OF TEHRAN REFINERY IS NOT COMPLETE OR IF IT IS OF VERY SHORT DURATION, THE SHORTAGE OF MIDDLE DISTILLATES IS AND WILL CONTINUE TO BE EXTREMELY SERIOUS. FOR ALL INTENTS, KEROSENE IS NO LONGER AVAILABLE IN TEHRAN. SOME, BUT VERY LITTLE, GAS OIL IS AVAILABLE BUT ONLY FOR THOSE WITH VERY SPECIAL CONNECTIONS OR FOR THOSE WHO ARE WILLING AND ABLE TO PAY FOUR TIMES THE OFFICIAL PRICE.

C O N F I D E N T I A L TEHRAN 12641

CHRON: STATE 12/27/79
ACTION: DOM:CMMAAS
INFO: E/C:RMEASLY:DD
CLASS: E/C:JLMILLS
DISTR: ECON 5 AMB DCM
POLR PM ICA
OR DAO AGR
SHIA CHRON/16

FSE 6-1

C O N F I D E N T I A L TEHRAN 12641

5. WE HAVE LEARNED FROM HALLIBURTON THAT THEIR BUSINESS IS BOOMING. THEIR MAIN TASK IS SETTING DOWN-HOLE PACKERS AND IN CEMENTING PLUGS IN WELLS THAT ARE SHUT-IN. NORMAL INDUSTRY PRACTICE IS TO SHUT-IN A WELL BY CLOSING VALVES ON THE CHRISTMAS TREE IF THE INTERRUPTION IS EXPECTED TO BE OF FAIRLY SHORT DURATION. SINCE HALLIBURTON IS CEMENTING AND SETTING PACKERS IN MANY WELLS IN MANY FIELDS (INCLUDING MAJOR FIELDS SUCH AS GACHSARAN), IT SUGGESTS THAT OSCO AND/OR NIOC EXPECT THE SHUT-DOWN TO BE PROTRACTED; R OSCO/NIOC MAY BE SHUTTING WELLS IN DOWN-HOLE TO MINIMIZE DANGERS OF SABOTAGE. WE SUSPECT THAT THE LATTER EXPLANATION IS THE MORE IMPORTANT. THIS ALSO MEANS THAT IT WILL TAKE CONSIDERABLY LONGER TO BRING PRODUCTION BACK WHEN THE STRIKE IS RESOLVED. SULLIVAN
BT
#2641

NNNN

C O N F I D E N T I A L TEHRAN 12641

2716017 DEC 78
FM AMEMBASSY TEHRAN
TO DEPTC/SECSTATE WASHDC IMMEDIATE 2434
INFO BUCMMI/AMEMBASSY ABU DHABI 1843
BUCMRS/AMEMBASSY CARACAS 0381
BUCMOD/AMEMBASSY DOHA 0603
BUCMRA/AMEMBASSY JIDDA 3910
BUCMIA/AMEMBASSY KUWAIT 4798
USDTC/AMEMBASSY LONDON 4117
BUCMAM/AMEMBASSY MANAMA 1238
BUCMMT/AMEMBASSY MUSCAT 0671
BUCMEK/AMEMBASSY TOKYO 0835
BUCMDH/AMCONSUL DHAHRAN 1948
DUEHOR/USINT BAGHDAD 0884
BT

CNTR0: STATE 12/26/78
APPRV: DOM:CWNAAS
DRFTD: E/C:EMBASH:DI
CLEAR: E/C:JLMILLS
DISTR: ECON 5 AMB DCM
POL2 PM ICA
OR DAO AGR
SHIR CHRON
(16)

FSE 6-1

C O N F I D E N T I A L TEHRAN 12613

E.O. 12065: GDS 12/16/78 (BASH, R.M.) OR-E
TAGS: ENRG, ELAB, IR, CASC
SUBJECT: IRANIAN OIL SECTOR STRIKE - DEC. 26

REF: TEHRAN 12583

1. SUBSEQUENT TO TRANSMISSION REFTEL WE WERE ABLE TO OBTAIN MORE PRECISE INFORMATION (FROM OSCO RATHER THAN THROUGH LOCAL CONSORTIUM OFFICE) ON PRODUCTION AND SCHEDULED DELIVERIES TO REFINERIES. AT 06:00 DECEMBER 26, PRODUCTION WAS AT A DAILY RATE OF 446,000 BBLS: BUT, OSCO HOPES TO BE ABLE TO INCREASE TO 550,000 B/D LEVEL. WE UNDERSTAND THAT OSCO HAS NO IMMEDIATE INTENTIONS OF ATTEMPTING TO PRODUCE MORE THAN 550,000 B/D, ALL OF WHICH WILL BE DELIVERED TO DOMESTIC REFINERIES.

2. OBVIOUSLY, 550,000 B/D IS MUCH BETTER THAN THE 240,000 BBLS WHICH WE HAD BEEN TOLD EARLIER WOULD BE DELIVERED TO REFINERIES TODAY. HOWEVER, NIOC HAD BEEN GRADUALLY LOSING GROUND EVEN WHEN REFINERY THROUGH-PUT HAD BEEN AVERAGING ABOUT 700,000 B/D. WITH THROUGH-PUT AS "HIGH" AS 550,000 B/D THE CRISIS WILL BE DELAYED FOR A FEW DAYS BUT THE SITUATION IS NOW EXTREMELY SERIOUS (WE WOULD SAY CRITICAL BUT WE ARE RESERVING THE SUPERLATIVES FOR TOMORROW OR THE DAY AFTER) SINCE DEMAND FOR MIDDLE DISTILLATES ALONE IS RUNNING IN EXCESS OF 400,000 B/D, TO SAY NOTHING OF THE DEMAND FOR FUEL OIL, GASOLINE, ETC.

3. WE ARE HEARING REPORTS OF INCREASED ACTS OF MINOR SABOTAGE WHICH ARE CAUSING SHUT-DOWNS AND DELAYING START-UP OF VARIOUS FACILITIES. THESE ACTS, WITH THE EXCEPTION OF THE CRUDE LINE WHICH WAS DYNAMITED LAST WEEK, HAVE NOT DESTROYED OR SERIOUSLY DAMAGED CRITICAL EQUIPMENT BUT THEY HAVE HAD SOME SLIGHT IMPACT ON PRODUCING ACTIVITIES. SUCH ACTS MUST ALSO CONTRIBUTE TO THE FEELING OF FEAR AND INSECURITY BY THOSE WHO ARE INCLINED TO WORK.

4. AMOCO HAS DECLARED FORCE MAJEURE WITH THE CONTRACTORS WHO PROVIDE IPAC WITH DRILLING AND OTHER SERVICES. THIS HAS HALTED THE OFFSHORE DRILLING RIGS WHICH HAD BEEN RELATIVELY UNAFFECTED BY THE IPAC STRIKE--THE RIGS WERE

C O N F I D E N T I A L TEHRAN 12613

C O N F I D E N T I A L

SUPPLIED FROM BAHRAIN. MOST ONSHORE RIGS OPERATED BY VARIOUS CONTRACTORS FOR OSCO ARE ALSO SHUT DOWN. THE DEVELOPMENTS SINCE DECEMBER 23 HAVE EXACERBATED PROBLEMS, BUT SOME HAD CEASED OPERATING PREVIOUSLY AND MANY OTHERS WERE ON THE VERGE OF DOING SO BECAUSE OF THE NONAVAILABILITY OF CRITICAL SUPPLIES. THE SHORTAGE OF SUPPLIES WAS AND IS THE RESULT OF THE CONTINUING CUSTOMS STRIKE.

5. SOFIRAN IS STILL UNAFFECTED BY STRIKES AND IS CONTINUING TO PRODUCE ABOUT 75,000 B/D. WE DO NOT KNOW WHETHER SIRIP AND NIOC (NAFTE SHAH FIELD) ARE PRODUCING. IN ANY CASE, THEY ARE NOT PRODUCING OVER 62,000 B/D.
SULLIVAN
BT
#2613

NNNN

C O N F I D E N T I A L TEHRAN 12613

271352Z DEC 78
AMEMBASSY TEHRAN
RUEHC/SECSTATE WASHDC NIACT IMMEDIATE 2457
TO RUQMBI/AMEMBASSY ABU DHABI 1848
CHCP/USINT BAGHDAD 0889
ESRS/AMEMBASSY CARACAS 0383
MDH/AMCONSUL DHAHRAN 1953
MOD/AMEMBASSY DOHA 0688
MRA/AMEMBASSY JIDDA 3915
MKW/AMEMBASSY KUWAIT 4903
DTC/AMEMBASSY LONDON 4123
MAM/AMEMBASSY MANAMA 1240
MMT/AMEMBASSY MUSCAT 0676
EHKO/AMEMBASSY TOKYO 0041

CHRGE: STATE 12/27/78
APPRV: DCM:CWNAAS
DRFTD: E/C:RMBASH:DD
CLEAR: E/C:JLMILLS
DISTR: ECON 5 AMB DCM
POL-2 PM ICA
OR DAO AGR
SHIR CHRON/16

FSE 6-1

) N F I D E N T I A L TEHRAN 12649

). 12065: GDS 12/27/84 (BASH, R.M.) OR-E
3S: ENRG, ELAB, IR, CASC
BJECT: IRANIAN OIL SECTOR STRIKE - DEC. 27

OSCO WAS SCHEDULED TO PRODUCE 487,000 BBLS TODAY, DEC. , OF WHICH 329,000 WILL BE DELIVERED TO ABADAN REFINERY D 159,000 WERE TO BE DELIVERED TO THE TEHRAN REFINERY. WEVER, THE TEHRAN REFINERY WAS COMPLETELY CLOSED DOWN BY RLY AFTERNOON SO CRUDE DELIVERIES TO TEHRAN AND HENCE ODUCTION MAY HAVE BEEN LESS THAN TARGETED. WE HAVE BEEN LE BUT HAVE NOT CONFIRMED THAT THE TABRIZ REFINERY IS SO CLOSED DOWN.

ABADAN REFINERY IS APPARENTLY RELATIVELY UNAFFECTED BY RIKES SO IT COULD PROBABLY REFINE CONSIDERABLY MORE THAN F 329,000 BBLS WHICH IT WILL RECEIVE TODAY. HOWEVER, CO"S PRODUCTION IS NOW LIMITED TO AHWAZ AND MARUN FIELDS D THERE ARE TECHNICAL PROBLEMS (BASICALLY THE SIZE AND NFIGURATION OF CRUDE LINES) WHICH WILL MAKE IT DIFFICULT PERHAPS EVEN IMPOSSIBLE TO SUBSTANTIALLY INCREASE LIVERIES TO ABADAN. UNLESS THIS BOTTLENECK CAN BE SOLVED, PRODUCTION BY OSCO DEC. 28, MAY ONLY BE ABOUT 0,000 BBLS.

NIOC'S NEW MANAGING DIRECTOR, ABDULLAH ENTEZAM, NOUNCED ON THE RADIO TODAY AT 1400 THAT NIOC WAS ON TAL STRIKE. HIS MESSAGE INCLUDED AN IMPLICIT REQUEST AT STRIKERS NOT RESORT TO SABOTAGE. HE ALSO INVITED LITICUS LEADERS TO INTERVENE IN ORDER TO CORRECT A TUATION WHICH WILL CAUSE THE PEOPLE GREAT INCONVENIENCE D SUFFERING. ENTEZAM SAID THAT PETROLEUM PRODUCT PPLIES WOULD BE EXHAUSTED IN TWO DAYS.

THE SITUATION IS NOW CRITICAL. IT COULD (AND WILL) T WORSE, BUT NOT MUCH. SULLIVAN

649

NN

O 281421Z DEC 78
FM AMEMBASSY TEHRAN
TO RUEHC/SECSTATE WASHDC NIACT IMMEDIATE 2496
INFO RUQMBI/AMEMBASSY ABU DHABI 1851
RUEHCR/USINT BAGHDAD 0892
RUESRS/AMEMBASSY CARACAS 0384
RUQMDH/AMCONSUL DHAHRAN 1956
RUQMOD/AMEMBASSY DOHA 0691
RUQMRA/AMEMBASSY JIDDA 3918
RUQMKW/AMEMBASSY KUWAIT 4807
RUDTC/AMEMBASSY LONDON 4129
RUQMAM/AMEMBASSY MANAMA 1243
RUQMMT/AMEMBASSY MUSCAT 0679
RUEHKO/AMEMBASSY TOKYO 0845
BT
C O N F I D E N T I A L TEHRAN 12709

CHRGE: STATE 12/28/78
APPRV: DCM:CWNAAS
DRFTD: E/C:RMBASH:DD
CLEAR: E/C:JLMILLS
DISTR: ECON 5 AMB DCM
POL 2 PM ICA
OR DAO AGR
SHIR CHRON/16

FSE 6-1

E.O. 12065: GDS 12/28/84 (BASH, R.M.) OR-E
TAGS: ENRG, ELAB, IR, CASC
SUBJECT: IRANIAN OIL SECTOR STRIKE - DEC. 28

1. NEARLY ALL THE EXPATRIATE EMPLOYEES OF ALMOST ALL THE OIL FIELD SERVICE COMPANIES HAVE LEFT OR ARE IN THE PROCESS OF LEAVING IRAN. ALL EXPATRIATES OF IPAC AND ALL BUT THREE OF LAPCO WILL HAVE DEPARTED BY TOMORROW NIGHT--IF AIR SERVICE IS NOT INTERRUPTED. OSCO IS PREPARING TO SUBSTANTIALLY REDUCE ITS NUMBERS, AND WE ARE TOLD THAT ALMOST ALL OSCO DEPENDENTS AND MANY EMPLOYEES WILL BE EVACUATED BY CHARTER FLIGHTS BETWEEN DEC. 30 AND JAN. 2. DEPARTURES OF OSCO DEPENDENTS AND EMPLOYEES WILL BE ON A VOLUNTARY BASIS, ALTHOUGH DEPENDENTS ARE BEING STRONGLY ENCOURAGED TO DO SO.

2. OUR EARLIER REPORT THAT OIL PRODUCTION HAD CEASED WAS ERRONEOUS. OSCO IS PRODUCING AT A RATE OF 340,000 B/D, ALL OF WHICH IS GOING TO THE ABADAN REFINERY. SINCE NO CRUDE WAS DELIVERED TO TEHRAN (THROUGH WHICH CRUDE FOR TABRIZ IS PIPED), WE BELIEVE THAT WE CON CONFIRM THAT ABADAN IS THE ONLY REFINERY OPERATING. SULLIVAN
BT
#2709

NNNN

C O N F I D E N T I A L TEHRAN 0084

O 030819Z JAN 79
FM AMEMBASSY TEHRAN
TO RUEHC/SECSTATE WASHDC IMMEDIATE 2631
INFO RUQMBI/AMEMBASSY ABU DHABI 1871
RUEHCR/USINT BAGHDAD 0910
RUFSRS/AMEMBASSY CARACAS 0390
RUQMHR/AMCONSUL DHAHRAN IMMEDIATE 1974
RUQMOD/AMEMBASSY DOHA 0708
RUQMRA/AMEMBASSY JIDDA 3937
RUQMKW/AMEMBASSY KUWAIT 4026
RUDTC/AMEMBASSY LONDON 4156
RUQMAM/AMEMBASSY MANAMA 1261
RUQMMT/AMEMBASSY MUSCAT 0696
RUEHKO/AMEMBASSY TOKYO 0863
BT
C O N F I D E N T I A L TEHRAN 00084

CHRGE: STATE 1/3/79
APPRV: DCM:CWNAAS
DRFTD: E/C:RMBASH:DD
CLEAR: E/C:JLMILLS
DISTR: ECONS AMB DCM
POL1 PM ICA
C OR DAO AGR
SHIR CHRON/15

E.O. 12065: GDS 1/3/85 (BASH, R.M.) OR-E
TAGS: ENRG, ELAB, IR, CASC
SUBJECT: IRANIAN OIL SECTOR STRIKE - JANUARY 3 UPDATE

1. LATE AFTERNOON JANUARY 2 WE HEARD A RUMOR THAT THE PIPELINE FROM ABADAN TO TEHRAN WAS SABOTAGED. WE HAVE JUST GOTTEN CONFIRMATION FROM A SOURCE WE CONSIDER RELIABLE THAT THE LINE WAS DAMAGED (AND PRESUMABLY SABOTAGED) JANUARY 2 AND THAT FLOW OF PRODUCTS TO TEHRAN HAS BEEN INTERRUPTED. WE UNDERSTAND THAT EMERGENCY REPAIRS ARE NOW UNDERWAY AND SHOULD BE COMPLETED QUICKLY.

2. IN RESPONSE TO INQUIRIES OF INDUSTRY SOURCES, WE HAVE LEARNED THAT IT WILL PROBABLY TAKE 1 1/2 TO 2 WEEKS TO RESUME NORMAL OPERATION OF THOSE REFINERIES THAT HAVE BEEN COMPLETELY SHUT DOWN--I.E. TEHRAN, TABRIZ, AND SHIRAZ, WHICH TOGETHER HAVE A CAPACITY OF 345,000 B/D. SULLIVAN
BT
#0084

NNNN

C O N F I D E N T I A L TEHRAN 0084

P SE 12

C O N F I D E N T I A L TEHRAN 0093

C 030918Z JAN 79
FM AMEMBASSY TEHRAN
TO RUEHC/SECSTATE WASHDC NIACT IMMEDIATE 2638
INFO RUQMBI/AMEMBASSY ABU DHABI 1872
RUEHCR/USINT BAGHDAD 0911
RUFSRS/AMEMBASSY CARACAS 0391
RUQMHR/AMCONSUL DHAHRAN IMMEDIATE 1975
RUQMOD/AMEMBASSY DOHA 0709
RUQMRA/AMEMBASSY JIDDA 3938
RUQMKW/AMEMBASSY KUWAIT 4027
RUDTC/AMEMBASSY LONDON 4157
RUQMAM/AMEMBASSY MANAMA 1262
RUQMMT/AMEMBASSY MUSCAT 0697
RUEHKO/AMEMBASSY TOKYO 0864
BT
C O N F I D E N T I A L TEHRAN 00093

CHRGE: STATE 1/3/79
APPRV: DCM:CWNAAS
DRFTD: E/C:RMBASH:LD
CLEAR: E/C:JLMILLS
DISTR: ECONS AMB DCM
POL2 PM ICA
OR DAO AGR
SHIR CHRON/16

E.O. 12065: GDS 1/3/85 (BASH, R.M.) OR-E
TAGS: ENRG, ELAB, IR, CASC
SUBJECT: IRANIAN OIL SECTOR STRIKE - JANUARY 3

1. AT 0600 JANUARY 3 OSCO WAS PRODUCING AT A RATE OF 235,000 B/D, AND BARRING UNFORESEEN DEVELOPMENTS THAT RATE WILL BE MAINTAINED TODAY. ALL CRUDE CONTINUES TO BE DELIVERED TO ABADAN REFINERY.

2. ON JANUARY 2 OSCO STRIKERS IN AHWAZ WERE ADDRESSED BY AYATOLLAH HASHIMI, WHO IS IDENTIFIED AS A KHOMEINI STALWART WHO WAS RECENTLY RELEASED FROM JAIL. HASHIMI TOLD THE STRIKERS THAT THERE WOULD BE NO PRODUCTION FOR EXPORT UNTIL THE SHAH LEFT. AFTER THE SHAH'S DEPARTURE, EXPORTS COULD RESUME TO ALL COUNTRIES EXCEPT SOUTH AFRICA AND ISRAEL.

3. THE SCHISM WHICH HAS DEVELOPED BETWEEN THE RELIGIOUSLY-MOTIVATED STRIKERS AND THE POLITICALIZED RADICALS (TEHRAN 62) IS APPARENTLY NOT ONLY A STRUGGLE FOR PRIMACY BUT ALSO INVOLVES A DISAGREEMENT OVER TACTICS. THE RELIGIOUS TYPES ARE WILLING TO RESUME PRODUCTION FOR THE DOMESTIC MARKET BUT THE POLITICALIZED RADICALS APPARENTLY WANT TO PROLONG AND EXACERBATE THE CRISIS AND, ACCORDING TO OSCO SOURCES, WANT TO SEE PRODUCTION COMPLETELY SHUT-DOWN.

4. ACCORDING TO INFORMATION RELAYED BY OSCO, AHWAZ IS A GIANT RUMOR MILL AND TENSIONS ARE EXCEEDINGLY HIGH.
SULLIVAN
BT
#0093

NNNN

C O N F I D E N T I A L TEHRAN 0093

FSE 12

CONFIDENTIAL TEHRAN 30190

O 041306Z JAN 79
FM AMEMBASSY TEHRAN
TO RUEHC/SECSTATE WASHDC IMMEDIATE 2690
INFO RUQMBI/AMEMBASSY ABU DHABI 1877
RUEHCR/USINT BAGHDAD 0916
RUESRS/AMEMBASSY CARACAS 0392
RUQMDH/AMCONSUL DHAHRAN IMMEDIATE 1981
RUQMOD/AMEMBASSY DOHA 0714
RUQMRA/AMEMBASSY JIDDA 3943
RUQMKW/AMEMBASSY KUWAIT 4834
RUDTC/AMEMBASSY LONDON 4164
RUQMAM/AMEMBASSY MANAMA 1267
RUQMMT/AMEMBASSY MUSCAT 0702
RUEHKO/AMEMBASSY TOKYO 0870
BT
C O N F I D E N T I A L TEHRAN 30190

CHRGE: STATE 1/4/79
APPRV: DCM:CWNAAS
DRFTD: E/C:RMBASF:DT
CLEAR: E/C:JLMILLS
DISTR: ECON5 AMB DCM
POL2 PM ICA
OR DAO AIR
SHIR CHRON/

E.O. 12065: GDS 1/4/85 (BASF, R.M.) OR-E
TAGS: ENRG, ELAB, IR, CASC
SUBJECT: IRANIAN OIL SECTOR STRIKE - JANUARY 4

1. OPPOSITION LEADER NASSER MINATCHI, WHO HAD TALKED WITH MEHDI BAZARGAN THIS MORNING, TOLD POLOFF THAT BAZARGAN HAS SUCCEEDED IN OBTAINING AGREEMENT TO RESUME OIL PRODUCTION FOR DOMESTIC REQUIREMENTS. ACCORDING TO MINATCHI, PRODUCTION WILL BE INCREASED ENOUGH TO OPERATE ALL REFINERIES EXCEPT ABADAN AT CAPACITY WHILE THROUGH-PUT AT ABADAN WILL BE RESTRICTED TO APPROXIMATELY ONE-SIXTH CAPACITY. WE ASSUME THAT ABADAN WILL BE RESTRICTED IN ORDER TO ELIMINATE THE NEED TO EXPORT EXCESS RESIDUAL FUEL OIL--APPARENTLY THE DESIRE TO PREVENT EXPORTS OF FUEL OIL OVERRIDES THE NEED TO PRODUCE MIDDLE DISTILLATES FOR THE DOMESTIC MARKET. (PERHAPS SOME FLEXIBILITY ON ABADAN THROUGH-PUT WILL BE ALLOWED WHEN IT BECOMES OBVIOUS THAT MORE PRODUCT IS NEEDED FROM ABADAN.) MINATCHI ALSO SPOKE OF A GROUP WHICH WILL MONITOR THAT NO CRUDE IS EXPORTED.

2. TO OUR KNOWLEDGE, BAZARGAN'S EFFORTS HAVE BEEN LIMITED TO AHWAZ AND PRODUCTION WORKERS. WHETHER, WHEN, AND UNDER WHAT TERMS STRIKERS IN THE TEHRAN, TABRIZ, AND SHIRAZ REFINERIES AGREE TO RESUME WORK REMAINS TO BE SEEN. ONE OF OUR SOURCES IN THE TEHRAN REFINERY TOLD US THAT STRIKERS HAVE NOT YET CONSIDERED RETURNING TO WORK.

3. OSCO, VIA THE LOCAL CONSORTIUM OFFICE, REPORTS THAT SOME WORKERS ARE RETURNING AND THAT ONE PRODUCTION UNIT THAT HAD BEEN OPERATED BY THE IIN WAS TAKEN OVER BY OSCO EMPLOYEES. WE DO NOT HAVE A PRECISE ESTIMATE FOR TODAY'S PRODUCTION BUT WE UNDERSTAND THAT IT WILL NOT BE MUCH HIGHER THAN THE 240 MBD LEVEL OF THE LAST TWO DAYS. THE GOI HAS LARGELY ACCEPTED BAZARGAN'S DEMAND THAT THE MILITARY WITHDRAW FROM THE OIL FIELDS. MILITARY GUARDS AS WELL AS THE SAILORS WHO HAVE BEEN SERVING AS OIL FIELD WORKERS HAVE BEEN WITHDRAWN, OR ARE IN THE PROCESS OF WITHDRAWING, FROM ALL PRODUCTION UNITS.

4. WE HAD BELIEVED THAT THE TRICKLE OF PRODUCTS THAT HAS

CONFIDENTIAL TEHRAN 30190

BEEN DISTRIBUTED IN TEHRAN SINCE THE CLOSURE OF THE TEHRAN REFINERY WAS COMING UP FROM ABADAN IN THE PRODUCT PIPELINE. HOWEVER, THAT WAS APPARENTLY NOT THE CASE FOR BAZARGAN HAS ANNOUNCED THAT, AS PART OF THE DEAL HE HAS NEGOTIATED, SHIPMENTS OF PRODUCTS BY PIPELINE FROM ABADAN TO THE NORTH WILL BE RESUMED. (APPARENTLY, THERE WERE A FEW BARRELS OF PRODUCTS LEFT IN THE TEHRAN REFINERY TANK FARM.)

5. JUDGING FROM THE FRAGMENTARY REPORTS AVAILABLE, PROGRESS TOWARDS MEETING THE VERY LIMITED GOAL OF RESUMING PRODUCTION OF FUEL FOR THE DOMESTIC MARKET HAS BEEN ACHIEVED. HOWEVER, WE WOULD CAUTION THAT ONLY ONE STEP HAS BEEN TAKEN. FORTUNATELY, HOWEVER THIS STEP MAY BE IN THE RIGHT DIRECTION. SULLIVAN
BT
#0190

NNNN

CONFIDENTIAL TEHRAN 30190

CONFIDENTIAL TEHRAN 00239

O 051007Z JAN 79
FM AMEMBASSY TEHRAN
TO RUEHC/SECSTATE WASHDC NIACT IMMEDIATE 2719
INFO RUQMRI/AMEMBASSY ABU DHABI 1878
RUESRS/AMEMBASSY CARACAS 0393
RUQMDH/AMCONSUL DHAHRAN IMMEDIATE 1982
RUQMOD/AMEMBASSY DOHA 0715
RUQMKW/AMEMBASSY KUWAIT 4836
RUDTC/AMEMBASSY LONDON 4168
RUQMAM/AMEMBASSY MANAMA 1268
RUQMMT/AMEMBASSY MUSCAT 0703
RUEHKO/AMEMBASSY TOKYO 0872
BT
C O N F I D E N T I A L TEHRAN 00239

CHRGE: STATE 1/5/79
APPRV: MIN:CWNAAS
DRFTD: ECON:RBASH:H
CLEAR: NONE
DISTR: ECON-3 AMB M
POL PM OR
ADM SY CHRON

C

E.O. 12065: GDS 1/5/85 (BASH, RICHARD) OR-E
TAGS: ENRG, ELAB, IR
SUBJECT: OIL SECTOR STRIKE, JANUARY 5

1. DETAILS OF THE AGREEMENT NEGOTIATED BY MEHDI BAZARGAN ARE, AS GIVEN TO US TODAY BY OSCO, SOMEWHAT DIFFERENT THEN WE REPORTED YESTERDAY. APPARENTLY THE AGREEMENT WHICH WAS SIGNED BY NIOC, MILITARY REPRESENTATIVES AND STRIKE LEADERS INVOLVES IN THE FIRST INSTANCE ONLY PRODUCTION WORKERS AND REFINERY WORKERS AT ABADAN. THE INITIAL INTENT IS TO BOOST PRODUCTION TO ABOUT 600,000 B/D, REFINE ALL OF IT IN ABADAN, AND DISTRIBUTE THE PRODUCTS COUNTRY-WIDE.

2. THE FIRST MAJOR PROBLEM WHICH HAS ARISEN IS THE REFUSAL OF PIPELINE OPERATORS TO RESUME WORK WHICH SOME MUST DO IN ORDER TO DISTRIBUTE THE PRODUCTS WHICH WILL BE AVAILABLE FROM ABADAN. REPORTEDLY THE PIPELINE WORKERS WILL NOT RESUME WORK UNTIL THEY HAVE SEEN THE FINAL SIGNED AGREEMENT NEGOTIATED BY BAZARGAN. EFFORTS ARE NOW UNDER WAY TO TAKE THE AGREEMENT AROUND TO DEMONSTRATE ITS EXISTENCE AND AUTHENTICITY.

3. THE NEXT STEP WILL PROBABLY BE FOR BAZARGAN TO COME TO TEHRAN AND ATTEMPT TO WORK HIS MAGIC ON THE WORKERS OF TEHRAN'S REY REFINERY.

4. OSCO ACTING MANAGING DIRECTOR EVANS HAS AN APPOINTMENT WITH THE AMBASSADOR TOMORROW AFTERNOON AND WE HOPEFULLY WILL BE ABLE TO OBTAIN A MUCH BETTER PICTURE OF THE CURRENT SITUATION AND OF THE PROSPECTS FOR THE FUTURE. SULLIVAN
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CONFIDENTIAL TEHRAN 0023

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O 061913Z JAN 79
FM AMEMBASSY TEHRAN
TO RUEHC/SECSTATE WASHDC NIACT IMMEDIATE 2727
INFO RUQMBI/AMEMBASSY ABU DHABI 1880
RUESRS/AMEMBASSY CARACAS 0394
RUQMDH/AMCONSUL DHAHRAN 1984
RUQMOT/AMEMBASSY DOHA 0717
RUQMKW/AMEMBASSY KUWAIT 4838
RUDTC/AMEMBASSY LONDON 4170
RUQMAM/AMEMBASSY MANAMA 1270
RUQMMT/AMEMBASSY MUSCAT 0705
RUEHKO/AMEMBASSY TOKYO 0874
BT
C O N F I D E N T I A L TEHRAN 00256

CHRGE: STATE 1/6/79
APPRV: MIN:CWNAAS
DRFTD: ECON:RBASH:HG
CLEAR: NONE
DISTR: ECON-5 AMB MIN
POL-2 PM OR
ADM SY CHRON/14

FSE 12

E.O. 12065: GDS 1/6/85 (BASH, RICHARD) OR-E
TAGS: ENRG, ELAB, IR
SUBJECT: OIL SECTOR STRIKE, JANUARY 6

1. MAJOR NEWS TODAY IS THAT THE EVACUATION OF ALL REMAINING OSCO EXPATRIATES FROM THE SOUTH (I.E., AHWAZ, ABADAN AND THE FIELDS), WHO NUMBER ABOUT 60, HAS BEEN ORDERED BY THE CONSORTIUM. PREPARATIONS ARE UNDER WAY NOW AND THE EVACUATION IS EXPECTED TO OCCUR JAN 7. THE MAJOR IMPETUS BEHIND THIS DECISION APPEARS TO HAVE BEEN THE WITHDRAWAL OF SECURITY GUARDS FROM EXPATRIATE MANAGERS, OSCO HQS, AND RESIDENTIAL AREAS. INITIAL INDICATIONS FROM SENIOR NIOC OFFICIALS ARE THAT THEY UNDERSTAND AND AT LEAST PARTIALLY AGREE WITH THE DECISION TO REMOVE ALL OSCO PERSONNEL. IN ANY CASE, OSCO EXPATRIATES ARE NOT CRITICAL FOR THE VERY LIMITED OPERATIONS REQUIRED TO PRODUCE CRUDE FOR THE DOMESTIC MARKET.

2. THE APPOINTMENT SCHEDULED THIS AFTERNOON BETWEEN THE AMBASSADOR AND OSCO ACTING MANAGING DIRECTOR EVANS WAS CANCELLED SINCE EVANS HAD TO REMAIN IN THE SOUTH TO COMPLETE PLANS FOR THE EVACUATION.

3. ON JAN 5 BAZARGAN AND HIS COMMITTEE VISITED GACHSARAN, BANDAR MAHSHAHR AND THE KHARG ISLAND IN ORDER TO ACQUAINT THEMSELVES WITH THE OPERATIONS OF THE OIL SECTOR AND TO ASSURE THEMSELVES THAT NO EXPORTS ARE TAKING PLACE -- AS IF EVERYONE, INCLUDING STRIKING OSCO/NIOC EMPLOYEES, WERE NOT AWARE THAT EXPORTS HAVE CEASED. THE GROUP IS EXPECTED TO VISIT ABADAN TODAY. APPARENTLY THE ABADAN REFINERY WORKERS HAVE NOT YET ACCEPTED THE TERMS OF THE AGREEMENT WORKED OUT BY BAZARGAN SINCE THROUGH-PUT IS STILL ONLY RUNNING AT 240,000 B/D. DURING THEIR VISIT TO ABADAN BAZARGAN AND HIS GROUP WILL ATTEMPT TO CONVINCE WORKERS TO INCREASE THROUGH-PUT TO CAPACITY (600 TO 630 THOUSAND B/D).

4. THE FLOW OF PRODUCTS FROM ABADAN TO TEHRAN VIA PIPELINE HAS STILL NOT BEEN RESUMED. HOWEVER A DOCUMENT SENT BY BAZARGAN, EXPLAINING THE AGREEMENT AND ASKING PIPELINE OPERATORS TO COOPERATE, ARRIVED IN TEHRAN THIS MORNING AND NIOC SHOULD NOW BE SHOWING IT TO WORKERS AT THE CRITICAL PUMP STATION AT REY.

C O N F I D E N T I A L TEHRAN 0025

5. A JOURNALIST WHO VISITED THE PRODUCTS TERMINAL AT TEHRAN'S REY REFINERY ON JAN 5 WAS TOLD BY NIOC DISTRIBUTION DEPARTMENT EMPLOYEES, WHO WERE WORKING, THAT THE KEROSENE AND GASOLINE THAT IS BEING SOLD IN TEHRAN IS BEING SUPPLIED BY TANK TRUCKS, A FEW OF WHICH ARRIVE EACH DAY FROM THE SOUTH. THE JOURNALIST WAS ALSO TOLD THAT THE TRICKLE OF GAS OIL REACHING CONSUMERS IN TEHRAN IS FROM MEAGER RESERVES STILL ON HAND AT THE REY TANK FARM.

6. WE DO NOT HAVE PRODUCTION FIGURES FOR THE PAST TWO DAYS, BUT SINCE THROUGH-PUT AT ABADAN REFINERY (THE ONLY ONE OPERATING), IS STILL ONLY 240,000 B/D CRUDE PRODUCTION SHOULD BE ABOUT THE SAME. SULLIVAN
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C O N F I D E N T I A L TEHRAN 0256